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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

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McRuer.

ROBERT BRYDIE
OFFICIAL REPORTER
TORONTO
CANADA



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ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

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Official Shorthand Reporter
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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary.

SEVENTY-SEVENTH DAY

(October 28, 1936)

Robert Brydie,
Official Reporter.

ROBT. BRYDIE
Chartered Accountant
Toronto

TORONTO - CANADA

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	)	Commission Counsel
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	)	For Special Committee on Primary Textile Industries.
C.G. Howard, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	)	For Dominion Textile Company.
S.G. Dixon, K.C.		For Courtaulds, Ltd.
L.A.Forsyth, K.C.		For Canadian Celanese Ltd. and Canadian Silk Products Limited.

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Montreal, 28 octobre 1936.

ADVENANT 10 hrs A.M. LA COMMISSION SE CONTINUE.

A COMPARU: GUSTAVE FRANCQ.

Lequel témoin est assermenté.

INTERROGE par Mtre BEAUREGARD.

Q Quel est votre âge Monsieur Francq?

R Soixante-cinq ans.

Q Vous vous occupez de Législation ouvrière dans la cité de Montréal et dans la Province de Québec? R Oui, je suis actuellement le Président de la Commission du salaire minimum.

Q Depuis combien d'années Monsieur Francq, vous occupez-vous de législation ouvrière? R Comme président de la Commission, ça doit faire dix ans, et antérieurement depuis que j'ai l'âge de connaissance, depuis 1888.

Q Vous mentionnez votre occupation principale comme président de la Commission du Salaire minimum. Qu'est-ce que c'est que cette Commission?

R La Commission du salaire minimum a été nommée pour fixer un salaire minimum pour les ouvriers de la Province de Québec, et les employés de commerce.

Q Des femmes seulement? R Des femmes seulement. Les hommes en bénificient lorsqu'ils accomplissent une opération qui est considérée par la commission comme une opération féminine.

Q Cette législation est dans les statuts depuis

ROBT. BRYDIE
CANADA

Montreal, 23 octobre 1950.

A comparu: Hector Lamb.

Dernier témoin est assermenté.

Interrogé par Me G. Lamb:

Q Quel est votre âge Monsieur Lamb?

R Soixante-cinq ans.

Q Vous vous occupez de législation ouvrière dans la cité de Montréal et dans la province de Québec?

R Oui, je suis particulièrement le secrétaire de la Commission du salaire minimum.

Q Depuis combien d'années êtes-vous [illegible]?

R Depuis dix ans, je suis [illegible] et antérieurement depuis que j'ai l'âge de commencer, depuis 1880.

Q Vous mentionnez votre connexion principale comme président de la Commission du salaire minimum.

M'est-ce que c'est que cette Commission?

R La Commission du salaire minimum a été nommée pour fixer un salaire minimum pour les ouvrier de la Province de Québec, et les employés de commerce.

Q Des femmes seulement? R Des femmes seulement. Les hommes ou bénéficiant jusqu'ils accomplissent une opération qui est considérée par la commission comme une opération terminée.

Q Cette loi s'étend-elle dans les cités de la

combien d'années dites-vous? R Elle était dans les Statuts depuis... je ne peux pas vous dire la date où la Commission a été nommée, mais depuis... je dois dans les Statuts Refondus, depuis 1919 ou 1923, seulement que la Commission n'a pas été nommée à cette date là.

Q Combien de personnes composent cette Commission? R Quatre personnes.

Q La Commission a juridiction sur toute la Province de Québec? R La Commission a juridiction sur toute la Province de Québec, oui, monsieur.

Q Est-ce que cette loi s'applique à toutes les industries, à tout le travail manuel féminim?

R A toutes les industries et le commerce.

Q Et le commerce? R Oui, c'est à dire, que nous avons juridiction, d'après ma partie française, sur les établissements, industriels et commerciaux, et aussi sur les hotels, clubs et restaurants situés dans les différentes cités et villes d'une population d'au moins cinq milles âmes.

Q Est-ce que cette loi a eu pour effet d'augmenter substantiellement le salaire des femmes?

R Cette loia eu pour effet de faire disparaitre les salaires inférieurs aux taux minima que nous avons fixés.

Q Voulez-vous dire àla Cour quels sont les taux en vigueur pour le salaire des femmes?

R Dans l'industrie en général?

Q Dans l'industrie en général? R Tout d'abord

ROBT. BRYDON
TORONTO - ONTARIO

les minimas de salaires varient suivant les centres de populations. Dans certaines industries ils seraient, ils se répartissent en deux groupes et dans d'autres en trois groupes et exceptionnellement même en quatre groupes. Les minima varient à Montréal et dans un rayon de dix à vingt milles autour de l'Ile de Montré l, dex$8 $7.00 à $12.50 pour une semaine de quarante huit heures. Dans certaines exceptions ces minimas sont computés sur une base de cinquante heures par semaines, mais c'est l'exception,en dehors de Montréal, et dans ce rayon là, dans le deuxième groupe les salaires varient de $6.00, à $10.00, et $11.00 et $12.00.

Q Vous dites qu'en ceci, que la loi du salaire minimum des femmes a eu pour effet de déterminer jusqu'à un certain point, le salaire des hommes, en autant que les Hommes font du travail considéré comme un travail féminim? R Oui, ce n'est que depuis une coupe d'années que nous avons cette juridiction.

Q Vous parlez quant aux hommes là? R Oui, quant aux hommes.

Q Il n'y avait pas encore de législation concernant le salaire des hommes, connue comme telle?

R Non, indépendemmant des contrats collectifs de travail.

Q De quelle façon procédez-vous pour déterminer l'application de la loi du salaire minimum des femmes, puisque vous nous dites qu'il y a des districts urbains, ruraux, des groupes, de quelle façon appli-

travail.»

Il n'y avait pas encore de législation concernant le salaire des hommes, comme telle?

— Oui, ce n'est que depuis une couple d'années que nous avons cette juridiction sur un travail féminin? Il est évident que les hommes ont travaillé pendant des années, au moment où certain point, le salaire des femmes a eu pour effet de ramener.

— Vous citez du'un cas, que la loi du salaire minimum des femmes a eu pour effet de ramener.

Vous citez du'un cas, que la loi du salaire minimum des femmes vaut $2.00, $ $10.50, et $11.00 et $12.50.

Dans le deuxième groupe, «Montréal», et dans ce cas-là, dans le deuxième groupe, ce sont les salaires variant de $2.00, $ $10.50, et $11.00 par semaine, mais c'est l'exception, on devrait dire que ce sont les hommes qui travaillent aux basses payes et dans un groupe de dix à vingt usines autour de l'île de Montréal, deux à $7.00 à $11.00 pour une semaine de quarante heures. Les usines variant à Montréal et dans un rayon de dix à vingt milles autour de l'île de Montréal, et dans ce rayon là, dans le deuxième groupe, les usines qui emploient des hommes et des femmes travaillent au taux du deuxième groupe, et encore dans ce cas-là, on a des hommes qui travaillent à des salaires moindres que ceux-là, et ce sont les hommes qui travaillent aux basses payes et dans les usines qui emploient des femmes, ce sont les femmes qui travaillent aux salaires minimums.

quez-vous la loi aux différents district et groupes, est-ce au moyen d'ordonnances? R Nous appliquons la loi au moyen d'ordonnance comme vous le dites. J'en ai ici, celles qui vous intéressent plus spécialement je suppose, quant au salaire des femmes dans l'industrie textile, ce sont les ordonnances 5 et 5 revisés. Nous amendons une ordonnance, nous émettons une ordonnance, au moyen d'une conférence conjointe, qui se compose de représentants patronaux et de représentants ouvriers, dans le même nombre, ainsi que des représentants des intéressés qui représentent le public en général. Cette conférence détermine les minimas de salaire, les heures de travail auxquels ces minimas s'appliqueront. La décision de la conférence étant prise, elle est soumise à la Commission qui d'après la loi a le pouvoir de l'adopter, de l'amender, la refuser ou rejetée, ou d'ordonner une nouvelle conférence. Règle générale toutefois, à l'exception de cas très rares, de rares exceptions, la commission ratifie la décision des conférences, si nous ne le faisions pas, à quoi servirait-il d'appeler une conférence conjointe. Une fois l'ordonnance émise par la Commission elle est publiée dans la Gazette Officielle de Québec, et dans les soixante jours après, elle devient force de loi.

Nous envoyons une de ces ordonnances à chacun des intéressés, nous lui demandons de l'afficher dans une place bien en vue, où les ouvrières ou les employées puissent la lire. Nous demandons ensuite des rapports, soit annuels, soit semi-annuels, soit même mensuels, des salaires payés dans l'industrie

1908 Brandon

intéressée et c'est de cette manière que la loi s'applique. Elle est controlée par un service d'inspection qui de temps en temps va s'assurer si les livres sont tenus tels qu'ils doivent l'être, si un record est bien gardé des heures de travail des ouvriers, ainsi que du salaire reçu, et de ces compilations notre bureau d'audition nous émet des statistiques.

Q Vous avez parlé de la convocation des conférences. Qui est-ce qui convoque ces conférences entre les patrons et les ouvriers. Comment cette conférence finit-elle par avoir lieu?

R Nous demandons aux patrons de bien vouloir assister à une assemblée préliminaire des patrons.

Q C'est à dire que la Commission invite les patrons à assister à une assemblée préliminaire?

R Oui, elle convoque les patrons, ceux que nous connaissons, quant c'st une nouvelle industrie, nous convoquons les patrons en conséuence.- J'avais omis de dire, nous avons au préalable demandé généralement un relevé des salaires et conditions de travail afin de pouvoir nous baser sur des chiffres. Nous convoquons ensuite les patrons ou un certain nombre d'eux, dans des assemblees preliminaires, nous leur soumettons un état des salaires et des conditions de travail qui existent.- Quand je dis les conditions de travail, c'est la répartition des heures de travail. - Nous voyons, ceci fait, lorsqu'il y a une union ouvrière en existence, ou une association patronale en existence, la Commission

ROST. BRYDIE

intéressée et c'est ce cette manière que la loi s'
plique. Elle est contrôlée par un service d'ins
pection qui de temps en temps va s'assurer si les
livres sont tenus tels qu'ils doivent l'être, si
record est bien gardé des sommes de travail des ou-
vriers, ainsi que de notre système reçu, et de ces compli-
tions notre bureau d'audition nous fait tous
périodiquement.

Q - Vous avez parlé de la convocation des conférences. Qui va-t-en fait les patrons et les ouvriers. Comment cette convocation se fait-elle pratiquement ?

R - Nous demandons aux patrons de bien vouloir nous aider à une assemblée préliminaire des patrons.

Q - C'est à dire que la Commission invite les intéressés à une assemblée ?

R - Oui, elle convoque les patrons, ceux dans nos connaissons, quant c'est une nouvelle industrie, nous convoquons les patrons en conférence.- J'aurais dû dire, nous avons en général demandé par téléphone un relevé des salaires et conditions de travail afin de pouvoir nous baser sur des chiffres. Nous convoquons ensuite les patrons ou un certain nombre d'eux, dans des assemblées préliminaires, nous leur soumettons un état des salaires et des conditions de travail qui existent.- Quand je dis les moyennes de travail - Nous voyons, ceci fait une association patronale en existence, la Commission

convoque les associations, nous demandons aux unions ouvrières lorsqu'il y en a de bien vouloir nommer leurs représentants, et c'est de cette manière que nous obtenons une représentation. Lorsqu'il n'y a pas d'organisation ouvrière, la situation est plus difficile, nous sommes obligés de demander au meilleur éléments du patron, de permettre à leurs employés de se réunir dans leur établissement et de choisir leurs représentants. Si nous avons besoin de six représentants ouvriers, nous en demanderons diz,douze, quinze, un nombre beaucoup plus élevé. Nous réunissons les représentants choisis dans les différents ateliers ou manufactures, nous avons une assemblée préliminaire, nous leur exposons les chiffres, et leur demandons là de choisir à leur tour de choisir parmi le groupe les délégués qui agiront en leur lieu et place au cours de la conférence. Les représentants du public sont choisis par la Commission. Il sont recrutés parmi des personnes qui ne sont ni patrons, ni ouvriers. Ils sont généralement choisi parmi des personnes qui s'occupent d'oeuvres sociales, et ce sont presque toujours les mêmes qui agissent, ce sont des personnes connues, dont l'honnêteté et l'intégrité ne peuvent être mise en doute, et qui ont passé leur vie presqu'exclusivement à s'occuper d'oeuvres sociales. C'est là la façon que nous procédons pour réunir les conférences.

Q Pouvez-vous nous dire actuellement à combien de districts d'appliquent ces ordonnances?

R Oui. Voulez-vous que je vous les donne par ordre de rotation ou grosso modo.

ROBT. DAVIES

TORONTO — 1932 — PIANO

PAR ME.BEAUREGARD.

Q Grosso modo pour commencer,ensuite nous verrons?

R Nous avons vingt-quatre ordonnances en vigueur actuellement. Quelques unes de ces ordonnances font duplicata, parce qu'une ordonnance peut être émise pour Montréal sous un numéro et le numéro suivant c'est la même ordonnance pour la Province.

Q Ces vingt-quatre ordonnances couvrent combien de genres, de catégories d'industries?

R Si vous voulez me le permettre je vous les donnerai telles qu'elles sont dans mon livre.

Q Très bien? R Ordonnance No.1, couvre l'industrie de la teinturerie, établissements de nettoyage à sec, ainsi que les valets services, et les services s'y rattachant.-

Ordonnance No.2 couvre l'industrie du gant et des mitaines de tous genres.

Les ordonnances Nos. 3 et 4, qui est une de nos anciennes ordonnances, couvrent les ateliers d'imprimerie, reliure, lithographie et manufactures d'enveloppe.- C'est ce que je vous disais tantot, Le No.3 est pour la ville de Montréal et le No.4 s'applique à la Province.

L'ordonnance No.5 revisée c'est l'industrie textile.- Quand nous disons revisé, c'est parce qu'il y a eu uneordonnance antérieure.

l'ordonnance No.6 couvre l'industrie du cuir et du simili cuir.

L'ordonnance No.7 couvre l'industrie de la chaussure et de toutes ses branches.

Par M. Duplessis.

" Alors mais vous conseillerez donc à vos
" Mais certes certainement, j'espère bien que
actuellement. Toutefois dans ce cas ordonnances font
duplicata, parce qu'une ordonnance peut être cassée
pour Montréal sous un numéro et la numéro suivant
c'est la même ordonnance pour la province.

Que va-t-il arriver avec ces deux ordonnances concernant
ce genre, en autorisant l'industrie?

" Si vous voulez me la permettre je vous lirai
votre texte qu'elle vous lira.

L'industrie de la teinturerie, étant assujettie de
nettoyage à sec, ainsi que les ventes suivantes, et
les services s'y rattachant.-

Ordonnance No.5 couvre l'industrie du gant et
des mitaines de tous genres.

Les ordonnances Nos. 3 et 4, qui est une de
nos anciennes ordonnances, couvrant les ateliers
d'imprimerie, reliure, lithographie et manufacture de
d'enveloppe.- C'est ce que je vous disais tantôt,
le No.3 est pour la ville de Montréal et le No.4
s'applique à la province.

L'ordonnance No.6 restrée c'est l'industrie
textile.- Quand nous disons textile, c'est parce qu'il
y a eu ordonnances antérieures.

L'ordonnance No.6 couvre l'industrie du cuir
et du succédané.

L'ordonnance No.7 couvre l'industrie de la
corroierie et de toutes ses dépendances.

Les ordonnances 8 et 8a et 8b, couvrent l'industrie de l'habillement pour femmes, hommes et garçons.

Les ordonnances 9 et 9a couvrent l'industrie du chapeau, casquettes pour hommes ainsi que pour garçons et chapeaux pour femmes.

L'ordonnance No.10 couvre l'industrie de la robe.

L'ordonnance 10-A couvre l'industrie de la fine lingerie, les ateliers de sous-vêtements de soie et de fine lingerie.

L'ordonnance No.11 couvre tous les métiers de l'aiguille non couverts par ordonnances précédentes, toutes les industries où l'on se sert d'une aiguille ou d'une machine à coudre.

L'ordonnance No.12 couvre l'industrie du tabac, cigares et cigarettes.

L'ordonnance No.13 couvre l'industrie de la fourrure.

L'ordonnance No.14 couvre l'industrie de l'alimentation et produits alimentaires.

L'ordonnance No.15 couvre l'industrie du caoutchouch, prélarts, toiles cirées, et tous les procédés similaires.

L'ordonnance No.16 couvre la bijouterie, l'argenterie, l'orrèvrerie et tous les articles d'optiques.

L'ordonnance No.17- je dois ajouter 17b, ce qui prouve que nous avons déjà eu 17 et 17a et 17b, couvre la fabrication des boites de cartons.

L'ordonnance No.18 couvre les magasins à rayons, chaines de magasins et magasins de détails.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER

ture de l'habillement pour femmes, hommes et garçons

Les ordonnances 9 et 9a doivent s'entendre

garçons et comprend pour le même

L'ordonnance No.10 couvre l'industrie de la f

L'ordonnance 10-A couvre l'industrie de la fi

linerie, les ateliers de confectionneurs de sole et

de toute lingerie.

L'ordonnance No.11 couvre tous les métiers de

l'article non couverts par ordonnances précédentes

toutes les fabriques où l'on se sert d'une chaudi

ou d'une machine à coudre.

L'ordonnance No.12 couvre l'industrie du tabac

broyés et cigarettes.

L'ordonnance No.13 couvre l'industrie de la

fourrure.

L'ordonnance No.14 couvre l'industrie du

mentation et produits alimentaires.

L'ordonnance No.15 couvre la bijouterie, l'or-

fèvrerie, l'orfèvrerie et tous les articles d'opti-

que.

L'ordonnance No.15 couvre la bijouterie, l'or-

fèvrerie et tous les articles d'opti-

que.

L'ordonnance No.15a 17- 3a dois ajouter 17b, ce

qui prouve que nous avons déjà eu 17 et 17a et 17b.

L'ordonnance No.16 couvre la fabrication des boîtes de carton.

L'ordonnance No.18 couvre les magasins à rayons

ordinaires de marchandises et magasins de nouveautés.

L'ordonnance No. 19 couvre les salons de beauté, les salons de coiffure pour dames et occupations similaires.

L'ordonnance No.20 couvre l'industrie chimique et pharmaceutique.

L'ordonnance No.21 couvre les fabriques de papiers.

L'ordonnance No.22 couvre les restaurants, salles à manger, etc.,

L'ordonnance No.23 couvre l'industrie de l'hotellerie.

L'ordonnance No.24- (il sera en vigueur ces jours-ci, le 1er novembre) couvre la métallurgie, les ascieries, l'électricité et la plomberie.

Ce sont les industries qui actuellement sont soumis à des ordonnances.

Q Qui occupent le plus de travail féminin?

R Nous avons commencé par les industries qui étaient plus tôt d'objections, où les femmes travaillaient en plus grand nombre, et au fur et à mesure que nous avançons, nous prenons des industries de groupes moins nombreux. Nous avons d'abord pris les industries où la femme était la principale artisanne, mais nous avons également pris les industries où il pouvait y avoir des salaires réduits, et dans d'autres cas où l'introduction du salaire minimum, causerait le moins de derangement possible, afin de préparer le terrain.

Q Avez-vous trouvé une corroboration, de la corroboration de la part de l'industrie, dans les differentes industries que vous avez touchées?

— Vous avez trouvé une contrefaçon, de la
la moins de donner également possible, afin de préparer
le terrain.

— Nous avons donné des instructions pour qu'il
pourvoit à avoir des patentes réduites, et dans d'autres
cas où l'intervention de notre ministre, conseillait
mera donc avons également pris les mesures où il
nous avons, nous prenons des immatriculations de grandes
moins nombreux. Nous avons d'abord pris les inscrip-
plus tôt d'opérations, où les formes trous linéaires
ou plus grand nombre, et au fur et à mesure que

— Quel compagnie le plus de travail demandé?

— Nous avons commencé par les immatriculations qui étaient
les anciennes, l'électricité et la plomberie.

— Ce sont les immatriculations qui actuellement sont
remplies à l'ordre du jour.

L'ordonnance No.14- (il sera au plus tard
dans-de, le 1er janvier) remplacera le présidium.

L'ordonnance No.15 concerne l'inscription de l'hor-
logerie.

L'ordonnance No.16 concerne les restaurants, cafés
et brasseries.

L'ordonnance No.17 concerne les imprimeurs de jour-
naux.

L'ordonnance No.18 concerne les restaurants, cafés
et brasseries.

L'ordonnance No.19 concerne les salons de beau-
té, de coiffure pour dames et coupeuses de cheveux.

L'ordonnance No.20 concerne l'horlogerie.

R Règle générale oui.

Q Je vois ici, que quant à ce qui concerne les textiles, qu'il s'agit de l'ordonnance 5 revisé?

R Oui, c'est a dire qu'il y avait eu une ordonnance antérieure.

Q Voulez-vous dire à la Cour quelle a été la modification principale entre l'ordonnance primitive et l'ordonnance revisée? R Je le veux bien. L'ordonnance No.5 originaire a été adoptée en 1928, est devenue en force et effective le 1er septembre, elle comportait les maximas de salaires suivants:

Ville et Ile de Montréal et un rayon de dix milles autour: ouvrière expérimentée: $12.00; apprentis: 1er six mois, $7.00; 2ième période de six mois, $8.00; troisième période de six mois $9.00; quatrieme période de six mois, $10.00. Nombre d'apprentis ne devant pas avoir l'expérience, la moitié du nombre total d'employés. De plus il y avait une clause pour les travaillants à la pièce, dans le cas des ouvrières travaillant à la pièce, ayant plus de six mois d'expérience ou d'apprentissage, il serait suffisant que 80% recoive un salaire conforme à l'ordonnance. - Ce sont ces détails qui ont influé sur le changement complet de la forme d'ordonnance.- En dehors de la ville de Montréal et ce rayon là, le minima de salaire etait de $10.00 pour l'ouvrière expérimentée; et les apprentis se répartissaient comme suit: premier six mois $6.00, et par six mois augmentait pour arriver à 24 mois à $10.00.

et par six mois augmentait pour arriver à 24 mois
à $10.00.

Ville et Ile de Montréal et un rayon de dix
devenue en force et effective le 1er septembre, elle
L'ordonnance No.5 originaire a été adoptée en 1928,
et l'ordonnance vaut-elle? — Je le veux bien.

Voulez-vous dire à la cour quelle a été la mo-
dification. — Oui, c'est à dire qu'il y avait eu une ordonnance
tarifée, qu'il s'agit de l'ordonnance 5 revisée?
— Je vois bien, que quand j'ai consulté la
règle générale ont

Exhibit

Vous me permettrez d'attirer l'attention de la Cour sur un fait important. C'est qu'en 1928 la commission avait~~ix~~ le droit de déterminer les salaires minimas, mais elle n'avait pas le droit de déterminer les heures de travail, ni de dire à combien d'heures de travail ces minimax de salaires s'appliqueraient. Nous étions poligés de mettre une clause en disant que les salaires minimas stipulés s'appliqueraient à la semaine régulière de travail visée par cette ordonnance, ce qui faisait que si une industrie faisait cinquante-cinq heures.

Q Dans cet ordonnance , dans cette première ordonnance, les ouvriers étaient classifiés plutot suivant leur expérience, et il pouvait y avoir n'importe quel nombre d'apprentis dans la proportion limitée, il pouvait y avoir n'importe quel nombre de personnes dans chaque catégorie et quelque soit le nombre de chaque catégorie, les minimas attachés s'appliquaient suivant le temps d'expérience?

R Oui, toutefois avec la restriction que le travail à la pièce, du moment que 50% des ouvrières faisaient le minima de leur groupe nous ne pouvions rien dire.

Q La deuxième ordonnance a modifié la proportion ou le percentage,au lieu que les ouvriers soient connus comme unités, je pourrais dire, aujourd'hui ils sont versés dans un percentage quant au nombre d'employés dans tel ou tel usine? R Exactement, voulez-vous que je vous donne la nouvelle ordonnance.

Q Si vous le voulez bien, oui M.Francq?

R Dans la nouvelle ordonnance, comme vous venez de le dire, les minimax sont répartis sur des groupes à

ROBT. SNYDER
CHARTERED ACCOUNTANT

Vous me permettrez d'attirer l'attention de
la Chambre [illegible]. C'est qu'en cette
la commission avait bien le droit de déterminer les
lignes générales, mais elle n'avait pas le droit de
déterminer les moyens de travail, ni de dire à comb
d'heures de travail on pouvait exiger d'employé
quelconque. Nous avions indiqué ce matin une chose
en disant que les maîtres mariniers n'employ
quelconque à la manoeuvre de tout vaisseau
par cette ordonnance, ce qui faisait que si une in-
[illegible]

Dans cet ordonnance, deux cents cinquante or-
donnances, les ouvriers étaient classifiés plutôt
parce qu'il fallait d'après cette proportion
limitée, il pouvait y avoir n'importe quel nombre
de personnes dans chaque catégorie et quelque soit
le nombre de chaque catégorie, les maîtres attendu
[illegible]

Or, toutefois avec la restriction que le trav
à la pièce, du moment que [illegible] cela faisait en
le mien ne de leur [illegible] ils ne [illegible].

La dernière ordonnance a modifié la proportion
ou le pourcentage, en sorte que les ouvriers soient
comme comme unités, je pourrais dire, même d'hui
ils sont versés dans un pourcentage quant au nombre
d'employés dans tel ou tel [illegible] R Renaud,

Si vous le voulez bien, où M.Renaud?

Dans la nouvelle ordonnance, comme vous a-ma
le dire, les maîtres sont [illegible]

sont répartis sur des groupes d'employées dans l'industrie textile, dans Montréal et l'île de Montréal, 10% peuvent être payés pas moins que 14½ cts de l'heure ou $7.00 par semaine.

Q De cinquante heures? R Non, de quarante-huit heures.

Q Voulez-vous continuez? R Toutes nos nouvelles ordonnances revisés ou adoptées sont à base de quarante-huit heures. 25% des ouvrières doivent avoir 19 cts et 65% des ouvrières pas moins de 25cts de l'heure, c'est pour la Ville de Montréal.

Pour la Province de Québec, 10% doivent avoir 12½ cts de l'heure; 25% doivent avoir 17 cts et 65% doivent avoir 21 cts de l'heure.

Q Sans entrer dans aucun détails, dans des débats comparatifs entre les différentes industries, je comprends que tous les salaires minimas varient suivant les industries? R Oui, monsieur.

Q Et l'ordonnance No.5 revisé est pour le textile? R Oui.

Q Je voudrais savoir, sans entrer dans lesdétails, à quel étage se place l'industrie textile, quant aux salaires minimas, est-ce au plus haut ou au plus bas étabe? R C'est un étage intermédiaire.

Q Ces salaires que vous avez determinés seraient à un étage intermédiaire? R Si on parle de Montreal surtout, je ne voudrais pas avancer des faits que je ne pourrais pas prouver ensuite. Si nous considérons Montréal, nous avons un minima de 25 cts de l'heure, ce qui nous donnerait sur une base de 48 heures, $12.00, la plupart des ordonnances pour

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

Q ... De cinquante heures? R ... Bon, de quarante-huit heures.

Q ... Voulez-vous continuer? R ... Toutes mon nombre d'heures ... ont été ...

19 ots et 65% des ouvriers pas moins de 25cts de l'heure, c'est pour la Ville de Montréal.

Pour la province de Québec, 10% doivent avoir 12½ cts de l'heure; 45% doivent avoir 17 cts et 65% doivent avoir 21 cts de l'heure.

Sans entrer dans aucun détails, dans des débats comparaîtra entre les différentes industries, je comprends que tous les salaires minima varient suivant les industries? R Oui,monsieur.

Q Et l'ordonnance No.5 revisé est pour la textile? R Oui.

Q ... aux salaires minima, c'est-ce en plus haut ou en bas ... pas établi? R C'est un étage intermédiaire.

Q ... mon rival autant, je ne voudrais pas avancer dans l'... que je ne pourrais pas prouver ensuite. Si nous con-

... de l'heure, ce qui nous donnerait sur une base de

48 heures, $19.20, la plupart des ordonnances pour

la ville de Montréal sont à base de $12.50 pour une semaine de 48 heures, soit 26 cts de l'heure, Il y a une, deux, trois quatre industries qui sont à base de $11.00 au lieu de $12.50. Je ne peux pas dire que le textile est trop haut puisqu'ils ont une majorité à $12.50 et une minorité à $11.00.

Q Le textile serait un peu en dessous de la majorité? R Oui, et en dehors, au contraire c'est assez compliqué à regarder le montant à la semaine et le montant à l'heure, nous avons l'industrie textile en dehors de Montréal, nous avons 12½ cts de l'heure, c'est uniforme pour toutes les industries, à Montréal c'est 14½cts.

Q C'est le maximum des minimas? R Oui, vous avez le mot. Nous avons ensuite 17 cts de l'heure qui équivalent à $8.00 et quelque chose et 21 cts de l'heure, soit environ $1025, tandis que la majorité des ordonnances pour la Province de Québec, portent à $8.00, soit à $12.50 et vont à $9.00 dans quelques cas à $10.00 et dans le commerce à $11.00 et nous arrivons à 18.7, tendis que nous avons ici 21 cts. Si dans Montréal le textile est dans l'intermédiaire, par contre en dehors de Montréal il est plutot dans la deuxième partie dans le 50% supérieure.

Q En dehors de Montréal il est dans le 50% supérieur? R Oui, et ceci par le fait que l'industrie textile, à l'exception du tricot, a un plus grand nombre d'ouvrières en dehors de Montréal qu'il y en a à Montréal. C'est une industrie qui s'est plutot développée dans les districts, je ne dirais pas ruraux, mais dans les petits centres industriels.

Q L'industrie est largement représentée dans les petits centres? R Oui, la preuve c'est que nous devons avoir, à moins que je sois complètement dans l'erreur, ce que je ne crois pas, nous avons un percentage beaucoup plus élevée d'ouvrière, pour Montréal nous avons 2510 ouvrières et nous avons plus de 7000 en dehors. C'est un fait unique dans la Province de Québec. C'est la seule industrie où le gros de l'industrie soit établi en dehors de Montréal.

Q Puisque vous parlez de chiffres Monsieur Francq, au sujet du nombre des ouvrières, pouvez-vous nous donner quelques précisions quant au nombre d'ouvrières de la Province de Québec qui sont affectées, qui sont dans l'industrie textile?

Q Immédiatement, quand je cite les chiffres que je viens de mentionner ne s'appliquent qu'aux ouvrières, je ne peux pas donner le chiffre de l'ouvrier qui travaille.

Q Savez-vous combien d'ouvrières travaillent dans les usines textiles de la Province de Québec?

R Le dernier rapport soumis en 1935, nous avions 2510 ouvrières employées dans l'industrie textiles à Montréal, et 7136 en dehors de Montréal.

D'après le rapport, d'après les chiffres du rapport de 1936, qui n'a pas encore été publié, par le gouvernement, nous avions en 1936 notre dernier rapport, nous avions 2613 ouvrières à Montréal contre 8511 en dehors de Montréal. La proportion a continué à gugmenter en dehors.

Q Entre les deux ordonnances M.Francq, avez-vous comparé, constaté, si l'ordonnance No.5 revisée, a

L'industrie est largement représentée dans les
nous devons dire, à moins que je ne me complè
dans l'ouest, ce que je ne crois pas, nous avons
et particulièrement Drummondville. Pen-
mondial nous avons reçu ouvrages et nous avons pu
de 7000 en nombre. C'est un fait unique dans la
province de Québec. C'est la seule industrie où la
ques de l'industrie sont étendu en dehors de Montréal
Québec vous parlez de critiquer Mon cher Bonno
ou de dire du nombre les paroissiens, pouvez-vous
donner quelque explication exacte au nombre d'ouvriers
de la province de Québec qui sont syndiqués, qui sont
dans l'industrie textile?

Immédiatement, quand je crois les chiffres que
je vient de mentionner ne s'appliquent qu'aux ouvriers
je ne peux pas donner les chiffres de l'ouvrier qui
travaille.

Savez-vous combien d'ouvrières travaillent dans
les usines textiles de la province de Québec?

Le dernier rapport soumis en 1938, nous avions
à Montréal, et Vigo en dehors de Montréal.

D'après le rapport, d'après les chiffres de
compte en 1934, qui s'en vient,
par le gouvernement, nous avions en 1939 notre dernier rapport, nous avions 8913 ouvrières à Montréal
contre 6811 en dehors de Montréal. La proportion
a commencé à augmenter en dehors.

Notre les deux dernières années, as-vous
commencé, connaître, si l'on compare 30-3 terrible,

augmentait le chiffre blogal de la paye des ouvrières sur l'ordonnance No.5 non revisée? R Non, monsieur.

Q Vous ne savez pas si l'ordonnance No.5 revisée s'est trouvée à augmenter le chiffre global payé aux ouvrières? R Non, mais ce que je sais, c'est qu'il a permis de stabiliser la main-d'oeuvre.

Q C'est à dire que l'ordonnance a eu pour effet de garder plus longtemps des employés qui devenaient plus expertes,et que l'industrie était tentée de renvoyer parce que les patrons auraient dû augmenter leurs salaires? R Si vous permettez, je vais vous donner mon opinion. Sous l'ancienne ordonnance, comme sous toutes les ordonnances à base d'expérience des employées ouvrières, même employées dans le commerce, surtout à l'ouvrière dans l'industrie, elle arrive à avoir une certaine expérience dans dix-huit mois, et la paye commence à monter, si elle fait une opération mineur elle est renvoyée et on donne la place à une autre.

Q C'était votre expérience? R Oui, c'était pour empêcher ce qu'on pourrait appeler un désastre dans l'industrie que nous avons changé tout notre système de répartir les minimas de salaires. Une ouvrière de 18 mois d'expérience et qui avait droit à un salaire de $10.00 par semaine, à Montréal,si elle perdait sa position, dans l'industrie textile surtout, elle ne peut plus travailler ailleurs, c'est fini, il lui est impossible de trouver de l'occupation, parce que l'expérience qu'elle avait dans un moulin, que ce soit dans un moulin de coton ou un moulin de

soie, elle ne pouvait pas se trouver de position, même dans une manufacture de tricot, du moment que ça couvre, que c'est couvert par la même ordonnance, l'expérience acquise dans un etablissement comme dans l'autre, si elle dit par exemple j'étais une battery hand, j'avais 18 mois d'experience, personne ne va l'engager. Cette pauvre fille était incapable de trouver de l'ouvrage, à moins de changer de métier. Nous avons considéré à la Commission que le but de la Commission n'était pas de faire du tort aux filles, mais que nous voulions leur aider, et nous avons decidé de changer l'ordonnance pour ça. - Je me permets d'attirer ~~ixxxxxxxxxxx ixxxxxx~~ l'attention de la Cour. Sous les anciennes ordonnances et sous le système d'expérience, ils avaient droit d'y avoir 50% d'apprentis et même parmi les ouvrières d'expérience 80% des employées devaient toucher, faire le minima, tandis qu'aujourd'hui il doit être de 65%, et nous laissons au patron le droit de répartir ses ouvriers dans le groupe qui lui convient le mieux. Tandis que sous l'ancien système d'expérience, si l'ouvrière était habile ou non il devait gagner le salaire, si l'ouvrière était lente elle perdait sa position. Avec le nouveau système nous avons constaté,-peut être pas dans l'industrie textile, parce que c'est une grande industrie, mais dans la petite industrie, que la main d'oeuvre a diminué d'une façon considérable. Je ne sais pas si je me suis bien exprimé, mais j'ai tenté de démontrer la différence entre les deux.

ROBT. BRYNE

Q Savez-vous ce qui a servi de base à établir ces chiffres de l'ordonnance No.5 revisée, par exemple à Montréal de 14½ cts, 19 cts et 25 cts de l'heure. Vous avez dit que vous faisiez faire tenir une conférence entre un groupe d'ouvriers et les patrons, et ce qui était accepté par cette conférence, généralement la commission l'acceptait, parce que comme vous l'avez dit, ne ne serait pas la peine de faire une conférence, si en définitive on en tenait pas compte, si on ne tenait pas compte de l'opinion commune, du consentement des personnes à la conférence. Dans l'industrie textile, pourriez-vous dire comment vous en êtes arrivés à ces différents chiffres de 14½ cts,19 cts et 25 cts. Est-ce que l'on a tenu compte du temps que l'ouvrière prend à apprendre son métier; est-ce l'habileté qu'elle déploie dans l'exercice de ses fonctions; est-ce que l'usure physique aussi, sont les éléments qui ont contribué à fixer ce prix. Est-ce un prix je pourrais dire jusqu'à un certain point, pris au hasard ou un prix basé sur la valeur essentielle du travail de la disposition de l'ouvrière dans l'industrie?

R Ni l'un ni l'autre.

Q Qu'est-ce que c'est d'abord? R C'est une base établie sur le cout du budget d'une ouvrière.

Q Ce qu'il faut pour la faire vivre?

R Le plus bas qu'il faut pour vivre. Ce budget a été établi dès le début de l'établissement de la Commission du salaire minimum, pour les employees ouvrières. Nous avons demandé ce que ça prenait pour vivre à une ouvrière qui vivait de son travail,

nous avons demandé à tous les clubs de personnes qui s'occupaient d'oeuvres sociales, et une enquête a été faite par la commission elle même. Nous avons publié par exemple une annonce dans différents journaux demandant le prix de la pension,etc., des jeunes filles ont cherché des maisons de pension à tel et tel endroit. Nous avons envoyé des personnes bien intentionnées visiter ces maisons de pension, pour voir ce que ça coutait. Je n'ai aucune hésitatation à dire, que presque toutes les réponses que nous avons obtenues ne s'éloignaient pas beaucoup l'une de l'autre, à l'exception de quelques unes qui montait le budger à $18.00 par semaine, mais règle générale, nous avons établi notre budger du cout de la vie, sur une base de $12.00 par semaine, nous l'avons comparé avec le budger du cout de la vie, préparé par la même commission du salaire minimum de l'ontario, et nous en sommesarrivés à la même conclusion. Ce qui a déterminé le maxima de salaire en dehors du budger,c'est le taux presque uniforme de toutes les industries, au moins c'est le désir de la Commission, que toutes les industries soient assujetties à un standard que l'on pourrait adopter, et qui s'appliquerait à toutes les ordonnances. Le standard que nous avons fixé, c'est d'avoir 15% des employés à 15 cts, 21% à 20 cts et 65% à 25 cts, qui fait une progression raisonnable. En dehors de Montréal nous l'avons fixé à 13,18 et 23 cts.

Q C'est ce que vous avez regardé comme un minima raisonnable? R Oui, ces taux devraient

s'appliquer avec la proportion du percentage.

Q Vous considérez qu'à part du cout de la vie, c'est ce qui serait nécessaire? R Une ouvrière, d'après nos investigatrices, pour lui permettre de gagner son existence, il lui faut gagner $12.00 par semaine, une fille ne peut pas vivre à moins de ça, et c'est le point essentiel, ce sont les salaires de base.

Q Les retire-t-on ces salaire là?

R Voilà où est tout le mal, nous avons beau fixer des minimas de salaires, le salaire reçu par l'ouvrière tombe presque dans tous les cas, ne s'approche même pas.

Q De combien tombe-t-il d'après votre expérience?

R Si vous parlez de l'industrie textile, je peux bien vous le donner presqu'absolu. Tandis que le salaire de base,- c'est à dire si l'ouvrière travaille 48 heures de travail, son salaire de base serait à Montréal de $12.50 en montant, tandis que rèellement le salaire reçu arrive à peine à $10.00.

Q Comme question de fait vous avez ces chiffres?

R Oui, vous avez ceci ici.

Q Si vous avez ces chiffres là.- pouvez-vous commencer avant 1930. Pourriez-vous commencer en 1926? - R Je tiens à vous faire remarquer,- ce n'est pas un reproche, mais une constatation des faits,- j'ai reçu un subpoena tard hier, je n'ai pas eu le temps de me préparer- je vous donne tout à pied levé.

Q Vous êtes toujours préparé M.Francq?

R Merci. En 1928, nous avons pas la moyenne des

s'appliquer avec la proportion du personnage.

Q Vous considérez qu'à part ce sont de la vie, c'est ce qui serait nécessaire? R Une entrée d'argent nous investissements, pour lui permettre de rembourser, il me faut [illegible] par semaine, une fille ne sait pas vivre à moins de et c'est le point essentiel, ce sont les entrées de mise.

Q Les recettes-ou ces emprunts là?

R Voilà où est tout le mal, nous avons deux fixe des minimes de salaires, le salaire reçu par l'ouvrière toute proche dans tous les cas, ne s'abroge même pas.

Q De combien tombe-t-il d'après votre expérience R Si vous parlez de l'immobilier textile, je pense bien vous le donner presqu'aussitôt. Rappelé que le salaire de base,- c'est à dire si l'ouvrière travaille 48 heures de travail, son salaire de base devrait à Montreal de $15.80 en moment, tandis que réellement le salaire reçu arrive à peine à $13.00.

Q Comme conséquence de fait vous avez cela chiffres?

R Oui, vous avez ceci ici.

Q Si vous avez ces chiffres là.- pouvez-vous commencer avant 1930. continuez-vous commencer en 1930? - R Je tiens à vous faire remarquer,- ce n'est pas un reproche, mais une constatation que [illegible] - Il est vrai qu'[illegible] ce n'est pas ou je le temps de me préparer- je vous donne tout à plat levé.

Q Vous êtes toujours prêt à m'écouter?

R Merci. En 1928, nous avons pas la moyenne des

salaires de base, en 1933 il était de $12.90, en 1934 il était de $12.95, en 1935 de $13.27, tout ça était établi sur cinquante cinq heures de travail, et en 1935 et 1936, il était de $12.12.- L'auditeur qui a préparé ces chiffres là pourra vous le dire, moi je prends les chiffres du bureau d'audition. Ils étaient de $12.00, maintenant ce que les ouvrières ont couché....

Q Cette diminution de $13.27 à $12.12, c'est pour une semaine de 48 heures? R C'est ça. Le vérificateur me dit..

Q Continuez maintenant? R Ce que les ouvrières ont touché à Montréal en 1933, $1072, en 1934 $11.96, en 1935- $9.40, en 1936, jusqu'à juillet, $9.88. Maintena t si vous voulez prenure en dehors de Montréal, où il y a le plus grand nombre d'employées, d'ouvrières, de $ 7000 à 8500 contre 2613, en 1933. En 1933 le salaire de base était de dehors de Montréal de $11.55, en 1934, $11.37, 4n $935, $11.18; en 1936, $11.20. Ca varie moins là. Il a toujours été compté comme 55 heures, en dehors, je ne sais pas quelle est la raison imaginable qu'a eu notre vérificateur, l'un a été compté sur 48 heures et l'autre sur 55 heures. Si vous permettez que je vous donne ce qu'elles ont touché en dehors de Montréal?

Q Oui, si vous le voulez bien? R En 1933, $10.40, en 1934, $9.32, en 1935, $9.67, en 1936- $9.37. Il y a toujours eu déclin, c'est du probablement qu'il y a moins d'heures de travail qui ont été fait, et un autre développement dans l'industrie textile, c'est le nombre plus considérable d'ateliers de tricots,

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manufactures de knitting, et également au plus grand nombre de filatures qui sont en opération.

Q Comment arrivez-vous à dire, puisque c'est un salaire minimum, est-ce parce qu'il y a un plus grand nombre de filatures et qu'il y a moins d'heures de travail? R Oui.

Q Les semaines sont plus courtes? R Oui, il y a moins d'heures de travail. Vous prenez l'industrie de la soie qui s'est développée d'une manière, à un point de vue plus qu'ordinaire. Si l'on s'en tient strictement au minima du salaire, la moyenne du salaire par heure, c'est le minima autrement dit, le salaire courant est devenu le salaire minima, et dans l'industrie textile, une partie des femmes qui travaillent là font du travail d'hommes. Si l'on considère ça dans son ensemble, c'est difficile de faire des comparaisons, avec les autres industries où la femme fait une opération particulière à la femme, tandis que dans le textile, un tisserand, un weaver ou une weaveuse, c'est pareil, et quelquefois l'on pourrait dire que le salaire de l'un s'applique à l'autre, tandis que la majorité des industrie à base de travail féminin, fait, la femme fait une opération et l'homme une autre.

Q Dans l'industrie textile la femme fait un travail qui n'est pas strictement féminin? R Il serait difficile de l'assimiler à l'un ou à l'autre. Pour continuer ce que je disais quant au développement des industries, des filatures de soie et du knitting, en 1928 et en 1930, se rapportant en dehors de Montréal, de 24 établissement aujourd'hui nous en

nombre de lignes qui soit en opposition.»

Comment arrive-t-on à cela, puisque c'est un nombre pair? Cela tient à ce que, puisque c'est un nombre pair, c'est-à-dire qu'il y a un plus grand nombre de lignes et qu'il y a moins d'espace de temps.

Y a-t-il d'autres de travail. Dans quelle mesure l'industrie se sert-elle que c'est développé d'une manière à un point de vue plus économique. Si l'on a'on tient strictement au minimum de matière, le moyenne de matière par heure, c'est le minimum matériel dit, le matériau comment une devenue le matière minimum, et quand l'industrie textile, une quelle des temps qui travaillent là font du travail d'homme.» Si l'on considère ce cas sur ensemble, c'est différente de toute des comparaisons, avec les autres industrie où le temps fait une opération particulière à la forme, toutes que dans la textile, un tisserand un ouvrier ou une ouvrière, c'est général, et quelque l'on pourrait dire ce la majeure de l'on s'appliquant à peau de travail féminin. Car, le temps fait une opération à l'homme une en fois.

Dans l'industrie textile le temps fait un travail qui n'est pas strictement féminin? R Il nous est difficile de l'assimiler à l'un ou à l'autre des industriels, des tissages de soie et de rubanerie, de ce strictement masculin ou féminin, de ces différences qui nous en

avons 70.

Q Des filatures de soie? R C'est le développement de l'industrie du tricot et de l'industrie de la soie n'a fait qu'augmenter, tandis qu'à Montréal, c'est statutaire, il y en avait 38 et il y en a 35; c'est en dehors de Montréal que ça s'est développé.

Q Vous constatez que par le grand nombre de ces filatures et particulièrement les filatures de soie, le salaire minima est devenu le salaire maximum? R Oui, malheureusement.

Q Avez-vous quelqu'experience sur l'effet du travail dans le textile en général, sur la sante des jeunes filles? R Non, je n'oserais pas me prononcer là dessus, un inspecteurs des établissements industriels pourrait vous renseigner bien mieux que moi.

Q Alors, d'après les chiffres que vous avez donnés, qui concernent d'abord la ville, en 1933, 1934, 1935, 1936, le chiffre minimum pour assurer la vie de la jeune fille en 1933 était fixé à $12.90, et la jeune fille a reçu $10.72? R Oui.

Q C'est à dire que sa recette serait inférieure de $2.20 sur $13.00? R A Montréal, le dernier chiffre est $9.88.

Q En face de $12.12, c'est à dire qu'il y a une $2.50 approximativement? R Oui, $2.00 quelque chose. La base était de $12.00. Je peux bien vous remettre ce document ci qui constate la dernière année, l'exercice actuelle, tout comme je pourrais vous donner le rapport de l'année dernière, qui a été publié.

1978

Imprimé.

avons TC.

une fraiseuse de soie? R C'est le dé-

veloppement de l'industrie du tricot et de l'indus-

trie de la soie n'a fait qu'augmenter, tandis qu'à

Montréal, c'est tout autre, il y en avait 2 et il

y en a 36; c'est en outre le Montréalais qui s'est

servi des

Vous constatez que par le grand nombre de cas

traités et particulièrement les fabriques de

soie, la saison morte est devenue la saison maximum

R Oui, malheureusement.

Q As-vous quelqu'expérience sur l'effet du

travail dans le textile en général, sur la santé

des jeunes filles? R Non, je n'oserais pas

me prononcer là dessus, ni les docteurs des établis-

sements

Alors, l'...[illegible] que vous avez

donnés, des renseignements d'abord la ville, en 1929,

1930, 1935, 1936, le onzième mois pour chaque

la vie de la jeune fille en 1929 était fixé à

$[illegible].00, et la jeune fille a reçu $[illegible].737 R Oui.

Q C'est à dire que en pesant toutes ingérieure

de $...00 sur $13.00? R A Montréal,

le maximum entre ces $...00.

[illegible] a une

chose. La base était de $[illegible].00. Je pense bien

vous remettre ce document et qui concerne la dernière

année, l'année scolaire, tout comme je pourrai

vous donner le rapport de l'année dernière, que a

été publié.

Q Comment déterminez-vous ce document?

R Situation des salaires pour l'industrie textile, pour l'exercice 1935-1936.

Q Voulez-vous le produire comme pièce No.758.

R Oui,monsieur.

EXHIBIT No.758- Situation des salaires pour l'industrie textile, pour l'exercice finissant 1935-1936.

PAR M.LE COMMISSAIRE:

Q Salaire féminin? R Oui. Je pourrais vous faire parvenir, si vous le désirez le rapport, je croyais en avoir plusieurs copies ici, le rapport de la Commission pour l'exercice allant jusqu'au 1er juillet 1935.

PAR MTRE BEAUREGARD:

Q Si vous voulez nous le faire parvenir nous l'attacherons à l'exhibit No.758? R Oui.

Q Maintenant quant au contrat collectif, avez-vous quelque chose à faire touchant les contrats collectifs? R Absolument rien.

Q Ceci est en dehors de vos fonctions complètement, vous limitez votre travail au salaire minimum des femmes, ce qui est déjà bien assez?

R Oui,monsieur. Comme dans ma capacité officielle je ne pourrais pas vous donner une opinion sur la convention collective de travail.

Q Vous préférez vous en abstenir. R Ce n'est pas dans mon ressort. Quoiqu'il soit hors de doute que c'est dans l'ordre naturel des choses, on com-

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Q Comment désirez-vous ce document ?

R Situation des salaires pour l'industrie textile

Q Voulez-vous la première comme pièce No.758 ?

R Oui, monsieur.

Q Avez-vous besoin de votre dossier ?

R Oui. Je pourrais vous dire peut-être, si vous le désirez, je crois avoir pratiquement tout ce qu'il faut.

Q Si vous voulez nous le faire parvenir nous le retournerons à l'exhibit No.758 ? R Oui.

Q Maintenant quant au contrat collectif, avez-vous quelque chose à faire touchant les contrats collectifs ? R Absolument rien.

Q C'est ce dont je vous remercie. Vous limitez votre travail au salaire minimum des femmes, ce qui est déjà bien assez ?

R Oui, monsieur. Comme dans ma dernière affaire je n'ai pas pensé à vous donner une opinion sur la convention collective de travail.

Q Vous préférez vous en abstenir. R Ce n'est pas dans mon rapport. Quoiqu'il soit vrai de dire que c'est dans l'ordre naturel des choses, on com-

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mence par une ordonnance du salaire minimum qui devrait s'appliquer au travail masculin et finissant, et qui par la suite devrait se former en convention collective de travail. Nous établissons d'abord un minimum, et on habitue les grandes et les petites industries à au moins payer le minima, et le développement naturel, c'est la convention collective de travail qui établirait les salaires courant, c'est dans l'ordre naturel des choses. C'est mon opinion, basée sur mon expérience de la législation ouvrière.

Page 1037 follows.

fondée sur mon expérience de la législation ouvrière
dans l'ordre matériel des choses. J'ai mon opinion,
travail qui équilibrait les salaires comment, c'est
mant naturel, c'est la convention collective de
collective de travail. Vous établissons d'abord un
et qui par la suite devrait se former en convention
Bien».

BY MR. KELLOCK: Q. Just a minute, Mr. Francq, please; I am showing you a copy of the report of the Women's Minimum Wage Commission ? A. Yes.

Q. That is the Province of Quebec for the years 1934-35? A. Yes, that is the last one published.

Q. That is the last annual report ? A. There is another one since but it has not been published yet.

Q. You have not distributed it yet ? A. No.

Q. I see on page 7 under the heading Basic Salary there is a figure there given of $12.78 in 1938 for the basic --

THE COMMISSIONER: 1928?

MR. KELLOCK: 1935, my lord, I am sorry, for the year 1935, the figure of $12.78; that is the basic -- A. Just wait a minute, $12.78?

Q. Do you see that $12.78 for the year 1935 ? A. Yes.

Q. That applies to Montreal ? A. That applies to Montreal.

Q. That applies to Montreal, and that is the wage each worker working your standard week of 48 hours would actually receive ; is that right ? A. That is the basic wage; if she has worked the full pay of working hours she will have received $12.78.

Q. That is for all industries ? A. That is for all industries -- just wait a minute -- all industries and retail trade.

Q. Now, that figure of $12 .78 for the year 1935 is the basic wage on a basis of 48 hours per week that was paid ? / A. 48 or 50, some 50 hours in that.

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Q. But the basic is 48 hours ? A. The base is 48.

Q. And that is the figure paid by all industries taken as a whole; is that right ? A. Yes.

Q. Then, I want to refer you to page 28 ? A. Yes.

Q. And that shows what the textile industry did in the same period, doesn't it? A. Yes.

Q. and that the same figure paid by the textile industry is $13.27; is that right ? A. That was based on 55 hours while the other one is based on 48.

BY MR. BEAUREGARD: Q. You say 13 -- A. $13.27.

Q. Did you say this has been paid ? A. That is the basic wage.

Q. The question was had it been paid ? A. That is the basic wage. There has been paid more. The other one what we referred to on page 7 is again the basic wage, not what the workers have received.

BY MR. KELLOCK: Q. But it is the basic wage in this sense that if the workers had worked 48 hours then they would have received that because it is based on the amounts of wages actually paid by the textile industry in one case and by all industries in the other ; that is right? A. Yes.

Q. In other words, it is not the legal minimum at all ? A. No.

Q. Then, I want to take you back to page 7. You see a figure there of $10.27 ; you see that figure ?

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A. Just let me read it first. You have got the English one and I have got the French.

Q. That is the corresponding figureoutside the city of Montreal, and the figure of $12.78 is inside the city of Montreal for the year 1935 ? A. Yes, sir.

Q. That is $12.78 in the one case and $10.27 in the other.

Q. $12.78 for all industries in the City of Montreal and $10.27 outside the City of Montreal, in the rest of the province ? A. Yes.

Q. Then, if I take you back to page 29 on the basis of a 55 hour week the average weekly wage paid by the textile industry was $11.18 ? A. $11.18.

Q. That is right ? A. Yes.

Q. Well then, my lord, I should like to file this report which the witness identifies.

THE COMMISSIONER: Exhibit No. 759.

EXHIBIT No. 759: Report of the Women's Minimum Wage Commission, 1934-35.

M.R BEAUREGARD: Mr. Francq, just a question --

MR. KELLOCK: What number is this ?

THE COMMISSIONER: 759; what is it, a report --

MR. KELLOCK: Report of the Women's Minimum Wage Commission for the year 1934-35. When does your year end, Mr. Francq ? A. Start on the 1st of July, ends on the 30th of June.

Q. It ends on the 30th of June? A. Yes.

Q. I see.

.. Just let me read it first. You have got the English one and I have got the French.

Q. What is the corresponding figure to the city of Montreal, and the figure of $12.78 is inside the city of Montreal for the year 1938 ? A. Yes, sir.

A. That is. $12.78 in the one case and $10.27 in the other.

Q. $12.78 for all amusements in the City of Montreal and $.0.27 outside the City of Montreal, in the west of the province ? A. Yes.

Q. Then, if I take you back to page 20 on the basis of a 5h hour week the average [illegible] A. $11.19.

Q. That is right ? A. Yes.

- Well then, my Lord, I should like to file this report which the witness identifies.

EXHIBIT No. 780: Report of the Women's Minimum Wage Commission, 1934-36.

M. J. SMELLIE, K.C.: Mr. French, just a question --

Q. MELLOCK: What number is this ?

THE COMMISSION R: 759; what is it, a report

Mr. MELLOCK; Report of the Women's Minimum [illegible] for the year 1934-35. When does your year end, Mr. French ? A. Start on the 1st of July, ends on the 30th of June.

Q. It ends on the 30th of June ? A. Yes.

Q. I see

PAR ME.BEAUREGARD:

Q La dernière question posée par mon ami M. Kellock,c'est qu'on a payé la somme de $11.18 en dehors de Montréal? R Non, pas ce qu'on a payé,c'est le salaire de base.

Q Etes-vous capable de dire, ce que l'ouvrière a reçu pour vivre pendant cette même période?

R Oui, $9.65.

PAR M.LE COMMISSAIRE.

Q Est-ce qu'on peut payer moins que le salaire minimum?

MTRE BEAUREGARD: Non,ce sont les heures qui ont varié,

Q Comme question de fait l'ouvrière a eu $9.65?

R Oui,en dehors de Montréal.

PAR M.LE COMMISSAIRE:

Q Pour 55 heures? R Non.

PAR MTRE BEAUREGARD.

Q Si l'ouvrière a travaill, sur le salaire de base, 55 heures, elle doit recevoir? R $11.18.

Q En fait elle n'a reçu que $9.67?

R Oui,monsieur.

PAR M.LE COMMISSAIRE:

Q En réalité le salaire minimum est fixé à l'heure? R Il faut faire une restriction, j'ai établi tantot le cout du budger de la vie d'une ouvrière à Montréal, qui doit être de $12.00, et il diminue au fur et à mesure que vous vous éloignez des grands centres, nous avons établi à ces différents endroits le cout de la vie à $10.00 dans la

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zone 2, qui comprend Québec, Sherbrooke, Hull, Trois Rivières, et qui ira jusqu'à $9.00 dans les districts ruraux.

PAR MTRE BEAUREGARD.

Q Au point de vue de la possibilité de payer ça, ce sont ces chiffres là qu'il faudrait suivre?

R Oui.

Q Avez-vous dans vos rapports le nombre d'heures, comment est-ce que la semaine a donné? R. Oui, à la semaine.

Q Que les ouvrières ont travaillé dans le textile? R Si vous le permettez lorsque nous demandons un rapport patronal,- je regrette de ne pas les avoir avec moi, quoiqu'ils sont confidentiels, vu que c'est pour la cour- dans ce rapports nous demandons quatre semaines consécutifes, le nom de chaque ouvrière doit être indiquée, le nombre d'heures de travail dans la semaine et le montant d'argent qu'elle a reçu. Nous pouvons donner ces chiffres pour la semaine ou le mois que le rapport a été pris. Dans la plus petite industrie, par les rapports que nous prenons, nous sommes en état de vous donner pour les huit mois de la saison, parce que nous en demandons à tous les mois.

Q Dans le textile, vous avez choisi des semaines types dans l'année, et le rapport est un rapport de quatre semaines. Vous pourriez dire qu'il serait basé sur ce point de comparaison, qui comporte un mois sur douze.

R Il est pris au hasad, nous ne pouvons pas

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dire qu'il a été pris dans la plus grande période d'activité ou dans la période la plus tranquille.

BY MR. KELLOCK: Q. Mr. Beauregard, I wonder if it might be convenient if you would do it in English.

MR. BEAUREGARD: I am just through now.

THE WITNESS: I don't mind if you want to have that repeated in English. It doesn't make any differences to me.

(page 10742 follows)

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THE COMMISSIONER: Are you through, Mr. Kellock?

MR. KELLOCK: No, my lord, I have another question I would like to ask when Mr. Beauregard is finished.

BY MR. KELLOCK: Q. Mr. Francq -- A. Yes, sir.

THE COMMISSIONER: Mr. Kellock, let me tell you before you begin. The point so far seems to be this, as I gather it. The Minimum salary is based on an hourly basis.

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: You divide the total by 55 or 48 as the case may be, so much an hour. Then, experience seems to show, according to this gentleman's experience, that what is the minimum has really become the salary.

MR. KELLOCK: Yes, I see, my lord.

THE COMMISSIONER: That the workers are getting that and no more than that. It was intended not to be the average or the maximum, it was intended to be the minimum but in practice it has become the maximum. That is what I understand so far is the principal point brought out.

BY MR. KELLOCK: Q. Mr. Francq , the report, the last Exhibit which was put in will show -- A. That is 1935.

Q. Yes, that will show the wages paid in the textile industry and all other industries; is that right? A. Yes. Well, whenever you say textile you are including everything, textiles and knitting and so on ?

Q. Yes; that is shown in your report what is included in textile, isn't it ? A. Yes.

I would like to ask when Mr. Beauregard is finished

Q. Yes; that is shown in your report what is

5-b

Q. And whether what you suggest as to the minimum wages which you have set tending to become the maximum or not, we can find that out by just analyzing that report, can we not ? A. Certainly, you will find in that report the number of girls paid outside Montreal between $6. and $7. and so on. It is not my intention to say that the minimum wage became the maximum wage especially in the textile industry ?

Q. It is not your intention to say that ? A. No, because I made special mention of the fact that in the textile industry proper the woman worker is performing the same operation as the man and therefore being paid the same wages. The minimum as set by us cannot be the maximum wage but it may be the current wage in practically all the industries.

BY THE COMMISSIONER: Q. I do not understand that. I had understood quite the contrary, that the fact was that very often where women and men are performing the same operation the women are paid at a lesser 4rate than the men.

(page10744 follows)

(page10744 follows)

PAR M.LE COMMISSAIRE:

Q Ai-je bien compris? R Je ne pourrais pas dire dans l'industrie textile, que l'homme et la femme faisant la même opération on été payes le même salaire, parce que dans la généralité des autres industries, où des femmes travaillent et où il y a du travail de femme, on ne peut pas conclure que l'homme fait le même travail que la femme, c'est l'exception, tandis que dans l'industrie textile un tisserant homme ou femme, est payé suivant la production.

THE COMMISSIONER: Well now, what the witness said is that in the textile industry -- perhaps you could understand it.

Au même taux? R Oui.

MR. KELLOCK: No, my lord.

THE COMMISSIONER: In the textile industry there are many operations that either men or women might perform, like weaving, and he says in that case they both are paid at the same rate.

THE WITNESS: Are they not?

MR. GORDON: Absolutely.

THE COMMISSIONER: I am very pleased to note that. That is what he says and in that case women's wages would be in excess of the minimum very often. That is right, isn't it?

(page 10745 follows)

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(page 10748 follows)

PAR LE COMMISSAIRE:

Q C'est ce que vous avez dit? R Oui, votre honneur, ça peut être controlé par les chiffres du rapport, et vous trouvez par exemple à Montréal au-dessus de $12.00, de $12.00 à $20.00 et plus vous avez certainement plus de la moitié qui ont plus de $12.00.

PAR MTRE BEAUREGARD:

Q Et son salaire de base peut être élevé, et elle peut avoir un salaire réel de?

PAR M.LE COMMISSAIRE:

Q Quand M.Francq a dit que malheureusement que le salaire minima tendait à devenir le salaire, à quel industrie faisait-il allusion?

R Feminin.

Q Pour le textile. R Dans le textile le salaire de l'homme entraine le salaire de la femme.

Q Dans ce cas là votre observation ne s'applique pas à l'industrie textile? R Je l'ai fait en général, non pas specialement à l'industrie textile.

(page 10746 follows)

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THE COMMISSIONER: You understand it now that when the witness said earlier that the tendency of the Minimum wage was to make the minimum wage the maximum he did not intend that for the textile industry.

THE WITNESS: Not in particular, it is a tendency in all industries practically that whenever we set a minimum wage it becomes the current wage.

MR. KELLOCK: That is not the fact in the textile industry.

MR. BEAUREGARD: He did not go that far so far.

THE COMMISSIONER: He said in the textile industry the fact that men and women very often do the same operations, the tendency is for the men to draw the women up.

THE WITNESS: In order to have the true whole picture of the whole situation we should have divided, sub-divided in the report the knitting industry, the silk industry and the cotton industry, but it is impossible to do it in a report covering the entire field.

BY MR. KELLOCK: Q. Well, Mr. Francq I hold in my hand what is said to be an analysis of your report, the last Exhibit. Would you be good enough to read that and tell his lordship as to whether or not that is a correct analysis. Now, You will find there are some computations here but they are based on figures in your report , and I do not expect you to do the computations here; it will be subject to these computations being correct. If you would just read

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that and tell his lordship whether that is correct? A. You don't expect me to pass an opinion on a document that I am going to read for the first time, do you ?

Q. Well, you will be able to say, insofar as you can say --

THE COMMISSIONER: It depends; do you want him to do that right now.

MR. KELLOCK: Yes, I think, my lord, it is pretty obvious.

THE COMMISSIONER: Well, it may be, we will see.

PAR LE TEMOIN:

Voulez-vous que je lise ca a la Cour.

PAR M.LE COMMISSAIRE:

Vous lisez l'anglais, oui lisez la.

(page 10748 follows)

Voulez-vous me lire ce à la Cour.

Vous lisez l'anglais, oui lisez-la.

11-a

THE WITNESS: "WOMEN'S WAGES IN THE QUEBEC TEXTILE INDUSTRY.

"The 1935 report of the Quebec Women's Minimum Wage Commission gives the wage and employment figures of women engaged in most of the industrial establishments, and some of the commercial establishments, of the Province of Quebec. It shows that 9,646 women out of the total of 47,214 were employed in the textile industry".

THE COMMISSIONER: How many ? A. 9,646; if you will permit me -- that is the 1935 report ?

BY MR. KELLOCK: Q. That is right. A. That is the figures of the 1935 report. I am a little above that in 1936. You are using the 1935 report.

"20% of the total reported. The textile and clothing industries together employed 56% of the total."

You mean --

Q. The clothing industry is not included under the heading of textiles ? A. "Basic Wages.

"The basic working week for women in most Quebec industries is 48 hours. The basic wage was, therefore, the amount received for 48 hours work, which, in 1935, averaged:

	In all Quebec Industries.	In the textile industry
"In Montreal	$12.78	$13.27
"Outside Montreal ...	10.27	11.18

Q. Those are the figures we have just been over

"In Montreal	$13.78
"Outside Montreal ...	11.19

earlier on page 7 ? A. Yes, the only thing I wish to say on these figures is that the man that prepared these documents, he figured that on 55 hours' work instead of 48.

MR. BEAUREGARD: Instead of 48.

THE WITNESS: It makes a difference between the two.

BY MR. KELLOCK: Q. Quite right. A. "The women employed in the textile industry received a basic wage per week which was 49¢ higher in Montreal, and 91¢ higher outside Montreal, than the average received by women employed in all industries in Quebec. Of the fifteen industries reported, average wages for 2,510 women textile workers in Montreal were sixth highest, and for 7,316 outside of Montreal were the second highest, in the Province.

Hours Worked

"If an industry is able to work the full 48 hours each week, then the actual wage women receive is the same as the basic wage. If an industry is not able to work 48 hours a week then the actual weekly wage will be reduced by the extent of the hours lost - "

Q. That is right ? A. "In operating short time. In 1935, women employed in the textile industry averaged only 39 hours - "

BY THE COMMISSIONER: Q. Only what ? A. "39 hours per week in Montreal and 45 hours per week outside Montreal."

11-c

Is that in the 1935 report, or 1936 ?

BY MR. KELLOCK: Q. 1935 ? A. I am a little confused between the 1935 report and 1936 which is not published yet. "Actual Wages.

"Because the textile industry was only able to provide hours of work considerably less than full time, the women employed in the industry were limited to an average actual weekly wage smaller than the basic wage which should have been earned. In spite of this fact the average actual textile wage for women at $9.62 was only .57¢ below the Quebec average of $10.19 for all industries. In brief the figures are:

	In all Quebec Industries	In the Textile Industry
"All of Quebec	$10.19	$ 9.62
"In Montreal only ..	11.00	9.40
"Outside Montreal only	9.07	9.67

"Thus even with short time, the 75% of the total number of women textile workers in Quebec, who are employed outside of Montreal, reeeived a higher actual wage per week than the average in all Quebec industries."

Q. That figure 39 hours is on page 6 of your report ? A. Well, if it is there it must be right.

Q. What you have read, is that correct,assuming the figures are right ? A. If you are willing to read what I said a while ago that the textile

11-c

"Because the textile industry was only able to provide hours of work considerably less than full time, the women employed in the industry were limited to an average normal weekly wage smaller than the basic wage which should have been earned. In spite of this fact the average actual textile wage for women at $9.82 was only .87% below the weeco average of $10.19 for all industries. In brief the figures are:

	In all weeco Industries	In the Textile Industry
"In Montreal only ..	11.00	9.40

"Thus even with short time, the 79% of the total number of women textile workers in weeco who are employed outside of Montreal, received a higher actual wage per week than the average in all weeco industries."

Q. That figure 39 hours is on page 6 of your report ? A. Well, if it is there it must be right.

Q. What you have read, is that correct, assuming the figures are right ? A. If you are willing to read what I said a while ago that the textile

11-d industry being located mostly outside of the city of Montreal, and that the wages paid in the textile industry outside compared with the minimum wage set for the textile industry were a little higher than in Montreal, that corroborates that, while in Montreal you are somewhat below. Outside of Montreal you are somewhat higgher, and that is , I think, the exact picture.

Q. Might that analysis be attached to this last Exhibit, my lord.

THE COMMISSIONER: Yes.

(page 10751 follows)

PAR MTRE BEAUREGARD.

Q Ces chiffres qui sont sur les rapports de l'industrie textile, sur lesquels des heures de travail sont indiquées, les heures de travail dont vous venez de parler, ce sont les rapports que vous recevez sur demande aux industries n'est-ce pas? R Oui.

Q Exercez-vous aucun controle sur ces rapports? R Oui, nous envyons nos inspecteurs comparer les rapports que nous avons, avons leurs listes de salaires, leurs cartes de temps. Je dois dire que dans les grandes industries les records sont bien tenus, c'est dans la petite industrie que nous avons le plus de difficulté.

PAR M.LE COMMISSAIRE:

Q Qu'est-ce que vous dites des textiles?

R Chaque fois que nous avons envoyé un inspecteur on a ouvert tous les livres, même si je me rappelle bien j'y ai été moi même au début, on m'a montré un livre où le nom de chaque employée était enrégistrée, les heures de travail faites jour par jour, et le percentage établi.

PAR MTRE BEAUREGARD.

Q Dans ce document mon ami M.Kellock vient d'attacher à la pièce 759 que vous avez lu à la Cour, il est dit que 9646 femmes sur un total de 47214, sont employées dans l'industrie du textile et que c'est le plus large groupe de femmes employées dans chaque industrie? R Je suppose que c'est correct.

Q Et que ça représente 20% du total? R En référant au rapport on peut établir les faits.

Q Vous n'avez pas eu le loisir à la lecture du document de repasser sur ces chiffres.

PAR M.LE COMMISSAIRE.

Q M. Francq pourrait apporter ce document et s'il y trouve de l'inexactitude.

PAR MTRE BEAUREGARD:

Q Voudriez-vous prendre copie de ce rapport No.759 et le comparer de façon à pouvoir nous donner votre réponse? R Oui.

PAR M.LE COMMISSAIRE.

Q Si vous trouvez que l'analyse est bien faite?

R Je pourrais le faire immédiatement.

Q C'est pour éviter les erreurs? R Est-ce la seule copie que vous ayiez.

PAR ME.KELLOCK. Non.

PAR MTRE BEAUREGARD.

Si nous ajournions quelques instants.

ADVENANT 11.30 la COMMISSION S'AJOURNE POUR QUINZE MINUTES.

ADVENANT 11.45 la COMMISSION CONTINUE.

Q M. Francq, je comprends que dans l'intermission vous avez eu l'occasion de regarder la pièce, le rapport produit par mon ami M. Kellock, attaché à la pièce 759. Voulez-vous dire à la Cour si vous avez quelque chose à ajouter ou à enlever à votre témoignage, après l'examen du document?

R Je tiens à dire que les chiffres pris ici ont été pris sur le rapport de 1935.

Q Les chiffres ont été pris sur le rapport de 1935? R Oui, les chiffres sont textuellement pris sur le rapport de 1935. Maintenant les commentaires, je ne suis pas pour faire de commentaires.

Renard.

Vous n'avez pas eu la joie à la lecture du document de reconnaître aux deux chiffres.

P.M. M.Le DC MI vers.

M. Renard pourrait apporter ce document et s'il y trouve de l'intéressant.

Pourriez-vous prendre copie de ce rapport No.758 et le comparer de façon à pouvoir nous donner votre réponse? R Oui.

R M.le Commissaire.

Il vous trouvez que l'empâtes est bien isolé?

R Je pourrais le faire immédiatement.

Le reste copie des vues objets.

PAR [illegible]. Pièce.

PAR [illegible] R Je le pense.

Pièces officielles diplomatie.

[illegible]

POUR [illegible]

AVEC QUI IL AS le CONSEILLER COMMERCIAL.

M. [illegible] Je [illegible]

vous avez eu l'occasion de regarder la pièce, le rapport produit par mon ami M. Renault, atteint à la pièce 758. Voulez-vous dire à la Cour si vous avez quelque chose à ajouter ou à enlever à votre

[illegible]

R Je tiens à dire que les chiffres pris ici

[illegible]

Les chiffres ont été pris sur le rapport de [illegible]?

R Oui, les chiffres sont textuellement [illegible] Evidemment une petite

faire, je ne suis pas sûr faire de commentaires.

Q Vous ne faites pas le commentaire du commentaire? R Non.

PAR M.LE COMMISSAIRE: Ce n'est qu'une sentence, ce n'est pas un commentaire.

PAR MTRE BEAUREGARD: Il y a une partie. Il y a une partie commentaires.

PAR M.LE COMMISSAIRE: Commentaires par qui?

PAR MTRE BEAUREGARD: Par les clients de M.Kellock.

PAR M.LE COMMISSAIRE:

Q Par les intéressés: R

PAR MTRE BEAUREGARD: Par les intéressés.

Le témoin: C'est un fait établi, si l'industrie n'a pas été capable de donner de l'emploi pour la pleine période de travail.

PAR MTRE BEAUREGARD.

Q Vous ne faites pas vôtres les commentaires du document, mais les chiffres cités sont exacts après comparaisons avec le rapport de 1935?

R Oui.

ET LE TEMOIN NE DIT RIEN DE PLUS.

(page 10760 follows)

W.S. GRIMSHAW, Recalled,

EXAMINED BY MR. McRUER:

Q. Mr. Grimshaw, I show you a copy of a letter which purports to be from Hield Brothers to Major D. Hallam, dated July 13, 1933.

THE COMMISSIONER: Yesterday you had one long exhibit. Is this letter part of that?

MR. McRUER: We will put it in as one exhibit.

THE COMMISSIONER: It is a letter from Hield Brothers in Kingston to Major Hallam.

MR. McRUER: Yes, Hield Brothers, Kingston, and the letter is initialled "KH".

BY MR. McRUER: Q. Whose initials are those, Mr. Grimshaw? A. Those are the initials of the stenographer.

Q. Miss Howie? A. Yes.

Q. The letter reads as follows:

"Dear Major Hallam:-

With reference to the Manufacturers Association.

Another point which I might say could safely be brought up to all manufacturers is the following:

Sometime ago an advertisement appeared in the Whig-Standard from a certain very large manufacturing concern in Canada asking for weavers and menders. Now as you know there is only one manufacturing concern in Kingston and that is Hield Bros., and, therefore, any labour which replied to this advertisement would of necessity be gone from us.

You are no doubt aware of the very heavy cost incurred by training labour and it is not playing the game for another mill to advertise in a local paper such as the Whig-Standard for

weavers and menders."

THE COMMISSIONER: Where is the Knig-Standard published?

BY MR. McRUER: Q. It is published in Kingston, is it not, Mr. Grimshaw? A. Yes.

Q. The letter continues:

"Do you not think that the association could make an agreement that none of us will try in any way to attract labour from another manufacturer?

I will be pleased to hear from you on this point.

Yours very truly,
HIELD BROTHERS LIMITED.

Director"

Q. Do you remember this incident, Mr. Grimshaw? A. Yes, I remember the incident.

Q. You remember the incident, and it appears to have been missed, that one of the other large manufacturers who desired to get employees was advertising in the local papers in Kingston? A. Quite So.

THE COMMISSIONER: nother manufacturer in Kingston?

MR. McRUER: No, sir.

BY MR. McRUER: Q. It was Dominion Woollen and Worsteds, was it not, Mr. Grimshaw? A. I am not sure.

Q. We will come to the correspondence in a moment?

THE COMMISSIONER: It was an advertisement by a company that was not established in Kingston.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - ONTARIO

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Mr. McRUER: Yes.

BY MR. McRUER: Q. The objection that your firm was putting forward was that there should not be any competition between manufacturers in getting workmen, that one mill should not try to get men away from another. Is that correct? A. Yes.

THE COMMISSIONER: That is what the letter means.

EXHIBIT 757, Part 8: Letter from Hield Brothers Limited to Major Hallam, dated July 13, 1933.

BY MR. McRUER: Q. Then I have a letter from Major Douglas Hallam, Secretary of the Canadian Woollen and Knit Goods Manufacturers Association, dated July 17, 1933, and reading as follows:

"Dear Mr. Hield:

I have your letter regarding advertisements for weavers and menders. I will look into this matter as in a number of groups we have an agreement not to do this kind of thing. Could you let me know in strict confidence the mill in question."

EXHIBIT 757, Part 9: Letter from Secretary Canadian Woollen & Knit Goods Manufacturers Association to R. H. Hield, Hield Brothers Limited, Kingston, Ontario.

MR. McRUER: I file next a letter from Hield Brothers to Major Hallam, dated July 18, 1933, and reading as follows:

"Dear Major Hallam:-

In reply to yours of the 17th with

Mr. Mowat: Yes.

By Mr. Mowat: .. Who objection is your

be any consolation nothing unsatisfactory in getting

work on, that you will should not try to get man

way into Hospital. Is that correct? . Yes.

[illegible]: Where is it you like to [illegible]

[illegible] Exhibit 7B/. Book 8: Letter from Gould

[illegible]

[illegible]

to Ilma:

"Dear Mr. Gould:

I have your letter regarding

advertisement in Evening and Mercury. I

will look into that matter in a number o

groups we have on account not to do this

kind of thing. Would you let me know in

[illegible] Exhibit 8A, Book 8: Letter from Gould

Canadian Woollen &

Knit Goods Manufacturers

Association to W. H.

Gould, Gould Brothers

Limited, Kingston,

Ontario.

[illegible] Ilma, dated July 18, 1932.

[illegible] following:

[illegible]

reference to advertising for weavers and menders.

The firm in question is Dominion Woollend. I am, of course, giving you this in confidence and I have not mentioned it to Mr. Barrett as I do not suppose he would know anything about it --"

BY THE COMMISSIONER:

Q. Who is Mr. Barrett?

BY Mr. McRUER: Q. What position does he hold with Dominion Woollens? Sales Manager? A. No, Managing Director.

MR. McRuer: The letter continues:

"but it is a point that I think we ought to bring up to the association and agree ot to advertise for workpeople in districts where there are definitely established firms."

EXHIBIT 757, Part 10: letter from Hield Brothers, Kingston, to Major Hallam, dated July 18, 1933.

BY MR. McRUER: Now, Mr. Grimshaw, if the firms agreed not to advertise in those localities where they had competitors, that is agreed not to advertise for workmen, that would limit the workmen in their opportunities for getting work? That is, if one mill wanted workers from another mill they might offer a slightly higher price for their labour, and in that way any such agreement as is mentioned in this letter would limit the market price for the workmen's labour, would it not?

A. To a certain extent.

Q. Do you know what came of that arrangement? Was there an arrangement made similar to the one that Major Hallam suggests? A. So far as I

mer dore.

The film in question is Dominion Woollens. I'm, of course, giving you this in order that I may not mention it to me. Beyond me I do not suppose we would know anything about it --"

Q. Who is Mr. Burnett?

BY Mr. Mosher: Q. What position does he hold with Dominion Woollens? Sales Manager. A. No, managing director.

"But it is a point that I think we ought to bring up to the association and agree on to advertise for workpeople in districts where there are continually unemployed firms."

WHITLEY 752, PART 10: Letter from Heald to Major Pullen, dated July 15, 1925.

BY Mr. Mosher: Now, Mr. Greenham, it has been agreed not to a certain in those localities where they had competitors, that is agreed not to advertise for workmen, that would limit the workmen in their opportunities for getting work. That is, if one mill wanted workers from another mill they might offer a slightly higher price for their labour, and in that way any such agreement as is printed in this letter would limit the price for the workmen's labour, would it not?

A. To a certain extent.

Q. Do you know what came of that arrangement that Major Pullen suggested? A. So far as I

remember there was no arrangement made.

Q. Did they advertise any more in Kingston? A. I do not remember seeing an advertisement after that.

Q. Next I file a copy of a letter from Kingston, to Crosshills, dated November 2, 1933. This comes from your Vice President, Mr. Grimshaw? A. Presumably yes.

Q. It bears the initials of Mr. R. H. Hield? A. Quite so.

Q. I notice that these copies nearly all have the word "director" typed on them. He was a director of the company? A. Quite so.

Q. And resident in Canada at that time, looking after the business here? A. Quite so.

Q. And this letter reads:

"Dear Sirs:-

I was up in Toronto the beginning of this week attending a further meeting of the C.M.A. and we were all there with the exception of Mr. Barrett and Col. Evans --"

Mr. Barrett would be of Dominion Woollens and Worsteds, and Col. Evans of the St. John Company? A. Quite So.

Q. The letter continues:

"The metting went very smoothly and there was no bickering of any sort, and it was the best meeting we have so far had.

The principal business of the day was from my query as to what action we, as an association, would take in the event of say at the end of six months we were unable to get delivery instructions for the remaining balance of an As Required contract."

Can you tell me what that means, Mr. Grimshaw? A. Well, we book an order, and they will probably give us delivery instructions for part of it, and the balance to be delivered As Required.

Q. Yes, and the question that was up here was as to what action the association would take in the event that at the end of six months you were unable to get delivery instructions for the balance of such order. Is that it? A. Quite so.

Mr. McRUER: The letter continues:

"We have apparently all of us put on our acknowledgment of orders that if we so desire at the end of six months we can cancel the undelivered portion. This as you point out is all very well if the market has gone up but what isto happen if the market has receded?"

BY THE COMMISSIONER: Q. It says, "we can cancel the undelivered portion." Is that the vendor or the purchaser

BY MR. McRUER: That would be the vendor, would it not, Mr. Grimshaw? A. Yes.

Q. And your association had agreed on a certain form of contract, had it not? A. I do not remember. I do not think so.

Q. I see there is some correspondence with in connection with one order I think we had that question up at Toronto but you are not sure about that? A. I am not sure.

Mr. McRUER: The letter continues:

"So, after various suggestions we decided on the following:

Can you tell me what that means, Mr. Grinshaw? A. Well, we book an order, and they will probably give us delivery instructions for part of it, and the balance to be delivered as required.

Q. Yes, and the question that was up here was as to what action the association would take if the owner did not get within one of six months [illegible] were unable to get delivery instructions for the balance of the order. Is that it? A. Yes, so.

MR. MCILRAITH: The letter continues:

"We have apparently [illegible] of us put on our acknowledgement of orders that if we so desire at the end of six months we can cancel the unreserved portion. This as you point out is all very well if the market has gone up but what is to happen if the market has receded?"

BY THE CHAIRMAN: Q. It says, "We can cancel the unreserved portion." Is that the vendor or the purchaser

BY MR. MCILRAITH: That would be the vendor, would it not, Mr. Grinshaw? A. Yes.

Q. And your association had agreed on a certain form of contract, had it not? A. I do not remember. I do not think so.

Q. I see there is some course ordinance with in connection with one order I think we had that question up at Toronto but you are not sure about that? A. I am not sure.

MR. MACNEIL: The letter continues:

"So, after various such actions we decided on the following:

That we would give the customer another month's grace at the expiration of the first six months, then if at the end of this further month he had not given reasonable delivery instructions against the outstanding balance of his contract we would then advise Hallam giving him full details of the order etc., and he in turn would advise the other manufacturers that say Royal Brand still had 50 pieces to particularize against a contract placed with Messrs. Hield Brothers in September and that he was not specifying this contract, and the other manufacturers h then immediately Black-list Royal Brand and refuse to sell him or even quote him, and this will be a very serious thing for any firm today because it does not only apply to Blue Serges but will apply to all types of Fancies, Tweeds and Woollens, and the customer will be told openly that he cannot buy from a Canadian mill until he has specified Messrs. Hield Brothers' contract."

Q. Just let us understand that. Mr. Hield apparently is telling the home office that this has been agreed upon at the Association meeting, and I want to get the purport of the agreement. If there was a contract and the terms of it were that a certain portion of the goods would be delivered within a certain time, and the balance as and when required -- that was the type of contract they were dealing with? A. Quite so.

Q. As and when required, with no specific time set for taking the balance. That is the type of contract? A. That is the type.

Q. Now what the Association was agreeing upon was this -- let me get the exact words --

THE COMMISSIONER: I have understood it. It is very plain. If at the end of six months the purchaser has not taken his ordered supplies, the vendor notifies Mr. Hallam, who notifies the other suppliers, and then they will not deal with that purchaser any more. He has gone back on that contract. That is what it amounts to, and he is what they call Black-listed. No other concern will take orders from him or quote prices to him. Is not that it?

MR. McRUER: With one exception. I would not say he has gone back on his contract.

THE COMMISSIONER: But in their opinion he has by not taking delivery.

MR. KELLOCK: It says so in the letter.

MR. McRUER: The letter says "if we so desire, at the end of six months we can cancel the undelivered portion. This as you point out is all very well if the market has gone up, but what is to happen if the market has receded?"

Then it continues:

"So after various suggestions, we decided on the following: That we would give the customer another xxx months' grace at the expiration of the first six months. Then, if at the end of this further month he had not given reasonable delivery instructions,"

and so on. It continues:

"Of course we cannot do anything to stop him buying from England, but I do not think that any clothing manufacturer today could afford to be completely blakklisted by every manufacturing concern in Canada.

TORONTO - CANADA

s. Now what the Association was agreeing upon was this -- let me get the exact words.--

THE COURT REPORTER: I have understood it. It is very plain. If at the end of six months the vendor notifies Mr. Lunn, who notifies the other suppliers, and then they will not deal with that purchaser any more. He has gone back on that contract. That is what it amounts to, and he is what they call Black-listed. No other concern will take orders from him or quote prices to him. Is not that it?

MR. MONTGOMERY: With one exception. I would not say he has gone back on his contract.

THE COURT REPORTER: But in their opinion he has by not taking delivery.

MR. KNILOCK: It says so in the letter.

MR. MONTGOMERY: The letter says "If we so desire, at the end of six months we can cancel the undelivered portion. This is you point out is all very well if the market has gone up, but what is to happen if the market has receded?"

Then it continues:

"So after various suggestions, we decided on the following: That we would give the purchaser another six months' grace at the expiration of the first six months. Then, if at the end of this further month he had not given reasonable delivery instructions," so on. It continues:

"Of course we cannot do anything to stop him buying from England, but I do not think that any printing manufacturer could afford to be completely blacklisted by

"We did think of prosecution but we decided not to do this as it would be very bad luck on the firm in question that had to do the prosecuting as he would get such a very bad name with all the customers in Canada, so I think our existing plan is really a very sound one, and we shall see how it works, no doubt, at the end of March when undoubtedly we will have a test case."

Q. Do you know what type of prosecution they were talking about? A. No.

THE COMMISSIONER: "Prosecution" must simply have meant taking action.

MR. McRUER: Taking action, I should think so. The letter continues:

"All the other manufacturers like ourselves are extremely busy, but they all report a distinct falling off in specifications, and I fear that we are still a long way from being out of the woods. Conditions are going to be pretty bad over here this winter, and when these really high-priced contracts start to be called it is problematic how far these advances will be passed along to the actual consumer. The retailers all over the country are very, very quiet."

Then there is this postscript:

"The question of Down Coulter was brought up as he is offering some very cheap prices today, and he has already been tackled by Mr. Barrett, but without success, and the meeting decided to ask you to see Down on

"We did think of prosecution but we decided not to do this as it would be very bad luck on the firm in question that had to go the prosecuting as he would get such a very bad name with all the customers in Geneva, so I think our existing plan is really a very sound one, and we shall see how it works, no doubt, at the end of March when undoubtedly we will have a test case."

Q. Do you know what type of prosecution they were talking about? A. No.

MR. [illegible]: "Prosecution" must surely have meant taking action.

MR. MORRIS: Taking action, I should think so. The letter continues:

"All the other manufacturers like ourselves are extremely busy, but they all report a distinct falling off in specifications, and I fear that we are still a long way from being out of the woods. Quotations are going to be pretty bad over here this winter, and when these really high-priced contracts start to be called in a problematic how far these advances will be passed along to the actual consumer. The [illegible] quiet."

Then there is this postscript:

"The position of Down Quilter was brought up as is offering some very cheap prices [illegible]. Mr. Barrett, but without guarantee, and the meeting decided to ask you to see Down on

behalf of the association in Bradford, and they duly cabled you. I trust that you will be able to persuade them to join the association."

Q. Mr. Down was a resident of Bradford doing business at Trenton as Down Coulter and Company? A. Yes.

Q. That is correct?

MR. KELLOCK: Give the rest of the letter.

MR. McRUER: I am not going to overlook that. It says:

"A friend of Beale's --

THE COMMISSIONER: Is this in the same letter Mr. McRuer:

MR. McRUER: Yes, my lord. It says:

"A friend of Beale's, who is the director of Courtaulds, told Beale that Down said he would not join the association as he said it was illegal. The legality of our price organization was also gone into at the meeting, and it is absolutely legal and only becomes illegal if we endeavour to obtain an exorbitant price for our product. The legality question has been very carefully considered and legal advice has been taken on same, and we are absolutely within the law, and you can assure Down definitely that there is nothing in the association which could in any way be termed illegal."

MR. McRUER: Is that all you want read, Mr. Kellock?

MR. KELLOCK: Yes, thank you.

THE COMMISSIONER: Acting on the advice of counsel.

behalf of the association in Bredford, and
they only cauled you. I trust that you
will be able to persuade them to join the
association."

Q. Mr. Down was a resident of Bredford
doing business at Trenton as Down Coulter and
Company? A. Yes.

Q. That is correct?

MR. KNIGHT: Give the rest of the letter.

MR. MORGAN: I am not going to overlook
[illegible]

"A friend of Doyle's --

THE COMMISSIONER: Is this in the same letter

MR. [illegible]

MR. [illegible]: Yes, it is. [illegible]:

"A friend of Doyle's, who is the
director of Countauldn, told Doyle that
Down said he would not join the association
as he said it was illegal. The legality
of our price organization was also gone
into at the meeting, and it is absolutely
legal and only becomes illegal if we en-
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been very carefully considered and legal
advice has been taken on same, and we are
absolutely within the law, and you can
assure Down definitely that there is
nothing in the association which could in
any way be termed illegal."

MR. MORGAN: Is that all you want read, Mr.
[illegible]?

MR. KNIGHT: Yes, thank you.

[illegible]: Getting on the advice of
counsel.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

MR. KELLOCK: My friend will argue that that does not protect him.

MR. McRUER: Not even your advice. The next is the letter from I think D. H. Hield -- the initials are "DH", from Cross Hills, dated January 8, 1934. The letter is addressed to Kingston and reads as follows:

"Your cable to hand as follows:

'Association suggests increasing prices Blue and Grey serges ten cents. If we can persuade Downs conform these new prices and join group, will you agree this advance? Otherwise give your ideas taking recent rise into account. Cable fast as Hallam seeing Downs during weekend. New 3 contracts 0 sendoffs 166.'

and we cabled you on Saturday morning saying, 'Agree advanced prices if Downs conforms.'

On viewing the matter over we feel it would be unwise to dictate your policy from this side, so yesterday we sent you a night letter cable saying:

'Respecting advanced prices use own discretion.'

Mr. Tim sailed last Friday.

With regard to prices of this sort, we can only express the most general ideas on the matter, and all these kind of decisions must be left to the people on the spot.

We are particularly pleased to note that your sendoffs for last week were 166, and we hope that these will be maintained."

Q. Down Coulter seems to be a bit of a thorn

Mr. KELLOGG: My friend will argue that does not protect him.

[illegible] that is the letter from I think S. S. Field -- January 8, 1924. The letter is addressed to Kingston and reads as follows:

"Your cable to [illegible] as follows:

'Association suggests increasing prices Blue and Grey sorgos ten cents. If we can persuade Downs country store new prices and join group, will you agree to advance? Otherwise give your loans [illegible] rise into account. Could that be milling [illegible]. Can [illegible] can we contact you on Saturday morning early, three advanced prices if [illegible] Downs.'

On closing the matter over we feel it would be unwise to discuss your policy from this side, so you already we [illegible] [illegible] Kingston.'

Mr. Kingston [illegible].

With regard to prices of this sort, we can only express the most general ideas on the matter. [illegible] must be left to the people on the spot.

We are particularly pleased to note that your receipts for last week were 150, and we hope that these will be maintained."

J. Town Counter seems to be a bit of a phrase

in the flesh with regard to these price arrangements. He was hard to get in on them and hard to keep there when he did get in on them, was he not? A. I do not remember much difficulty about that.

BY MR. KELLOCK: Q. Well, did he ever get in?

MR. McRUER: I do not know, but another witness will probably tell us about him. The next is a letter from D. H. Hield from Cross Hills.

THE COMMISSIONER: From the same man?

MR. McRUER: From the same man to Mr. Grimshaw it is dated January 9, 1934:

(Page 10775 follows)

"Dear Mr.Grimshaw:

Yours of December 28th to hand telling us of the meeting of the C.M.A. and the attitude of Downs.

I sincerely hope that Downs will come into line and I think he is too sensible a man to entertain a price war if one can be avoided.

I am surprised to hear that Mr. Dodds of Paton & Co. and Mr. Douglas of the Dupont Company threatened Downs that they were prepared to lose money if necessary in order to hold their business against his competition. I am afraid this would make Downs smile and I am sure Downs would not be very much concerned about entering into a fight say with Dupont, and if it did come to a fight between Downs and Patons Downs would have my backing all the time.

Downs Coulter's firm is a very wealthy concern and in addition to which they have a large business over here which I should say is making very large profits. Even if they were losing money in Canada the firm as a whole would be making plenty of money still.

I am utterly opposed to any thought of fighting and I think Downs is far too sensible a man to wish to enter into a price war, and I sincerely hope that we shall soon have the news from you that some reasonable working arrangement has been

into line and I think he is too sensible a man
to entertain a price war if one can be avoided.

I am surprised to hear that Mr. Dodds of Fa
& Co. and Mr. Douglas of the Dupont Company
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not be very much concerned about entering into a
fight say with Dupont, and if it did come to a
fight between Downs and Perkins Downs would have
my backing all the time.

Downs Container's Firm is a very wealthy
concern and in addition to which they have a lar
business over here which I should say is making
very large profits. Even if they were losing mo
in Canada the firm as a whole would be making
plenty of money still.

I am utterly opposed to any thought of Fight
and I think Downs is far too sensible a man to
wish to enter into a price war, and I sincerely

arrived at between Dow ns and the C.M.A. people."
-- Copy of letter from Cross Hills to Kingston, dated January 9th, 1934, attached to Exhibit757, Part 13.

Q. And the next is a copy of a letter from Kingston to Cross Hills. This would be sent by you, I think, Mr. Grimshaw? A. Yes.

Q. The letter is dated January 10th, 1934:

"Dear Sirs:

We wish to confirm herewith our cable to you of January 5th as under:

ASSOCIATION SUGGESTS INCREASING PRICES BLUE AND GREY SERGES TEN CENTS. STOP. IF WE PERSUADE DOWNS CONFORM THESE NEW PRICES AND JOIN GROUP WILL YOU AGREE THIS ADVANCE OTHERWISE GIVE YOUR IDEAS TAKING RECENT RISE INTO ACCOUNT. CABLE FAST AS HALLAM SEEING DOWNS DURING WEEKEND." &c.

That is the same cable.

"And your replies as follows:
"AGREE ADVANCE PRICES IF DOWNS CONFORMS."
"USE OWN DISCRETION RESPECTING PRICE ADVANCE MR. TIM SAILED LAST FRIDAY."
&c.

THE COMMISSIONER: Referring to the first cable, "taking recent rise into account," what is the recent rise referred to there?

MR. McRUER: Q. Do you know what that is?

A. The rise in raw materials values.

THE COMMISSIONER: Who is Downs?

Mr. McRUER: Downs is Downs, Coulter & Company, which is an English firm, who operate a mill at Trenton.

arrived at between Dow Re and the C.M.A. People."

-- Copy of letter from Crows Nills to Kingston, dated January 9th, 1954, attached to Exhibit "B", Part 13.

4. And the next is a copy of a letter from Kingston to Crows Nills. This would be sent by you, I think, Mr. Timmins?

A. Yes.

Q. The letter is dated January 10th, 1954:

"Dear Sirs:

We wish to confirm herewith our cable to you of January 8th as under:

"Have Tim Sadler. Stop. If no further DOWRE DOWNS Corp. [illegible] DELAY ENTAILS DOWNS DOWNING WORKING." So:

[illegible]

"And your reply as follows:

MR. TIM SAILED LAST FRIDAY."

THE COURT ADJOURNS: Referring to the first cable, "Taking recent rise into account," what is the recent rise referred to there?

MR. MORLAND: Q. Do you know what that is?

A. [illegible]

[illegible]

[illegible]

Q. Had you any knowledge of when the last increase had occurred because you refer in this letter to again increasing prices? A. No, I could not say.

Q. "Our cable was prompted by a conversation I had with Hallam who said that most of the manufacturers were desirous of again increasing prices. He informed me that Downs had told him that the prices should go up by at least 10¢ and this apparently was the beginning of the movement for advancing prices.

I immediately asked if we did arrange to advance our prices would Downs give an undertaking that he would not sell below these as otherwise I should not take the responsibility of agreeing without consulting my directors - hence my cable.

Hallam was in touch with Downs at the week-end and telephoned me on Monday saying that he was unable to get a definite answer from him respecting this. He got the information however, that Downs was still working on his quotations and basing his costings on a 42d top and would not sell on a basis below this.

Thisleft the situation pretty much as it was before and consequently my suggestion was th t the question should be temporarily held over as we did not feel disposed to act without more definite information regarding the intention of Messrs. Downs Counter.

There is no doubt that the recent advances in raw material prices warrants a corresponding advance in our selling prices, but the uncertainty respecting the attitude of our competitors at Trenton makes it difficult to assess what the advance should be and at the same time not prejudice our interests in any way."

Q. Now, what was it you meant by that? A. May I just read that?

Q. Just that last paragraph there? A. Well, my suggestion that an advance might prejudice our interests would be that our prices would be too high for the customer to-day and higher than our competitor.

Q. Higher than Downs was quoting unless he came in with the arrangement? A. Yes, Downs or other competitors.

Q. Yes, who are not in on the arrangements? A. Quite.

Q. What the Association was working on here was apparently that all manufacturers should agree on a certain rise in prices which would be uniform and you wanted to get them all in on it?

A. Well, we said if they were not all in we should not advance our prices.

Q. Now, Downs of the Downs Coulter Company was evidently a very large and very responsible firm from England? A. Yes.

Q. Now, what was it you meant by that? A. May I just read that?

Q. Please do. A. "I made what might prejudice our interests in any way by suggestion that an advance might be put at the same time not at Preston making it difficult to assess what the reception the attitude of our competitors advance in our selling prices, but the question

Q. Was it Preston Mumford's view that the advance should be put at the same time?

A. Yes, who are not in on the arrangements?

Q. Just the Association was working on basis

on a certain ride in prices which would be uniform

Q. Why you wanted to get them all in on it?

A. Well, we said if they were not all in we should not advance our prices.

Q. Now, Downs of the Rooms Counter Company was

A. Yes.

Q. There is no doubt about that - they were not any small Fly-by-night people or anything like that? A. Oh, no.

Q. The letter goes on:

"However, Mr. Tim will be here next week and we can then discuss the matter thoroughly and decide on our future action.

Prior to all this I had been watching so far as I could the increase in raw material values and felt that sooner or later it would be necessary to put our prices up. In view of this I got in touch with Beale and suggested that he should try to get an order out of Tip Top for a reasonable quantity before this actually happened."

Now, who was Beale? A. He was our representative in Toronto.

Q. Now, what you were evidently trying to do, although you thought prices ought to go up, was that he would try to get an order out of Tip Top before the prices went up - was not that it? A. That is what it infers.

Q. Well, if it was so essential on account of the cost of raw material that the prices could be increased, why were you trying to get hold of Beale that he should get an order out of Tip Top before prices went up? A. There were various reasons but I could not say at this time.

Q. You must intend to make money on the order you were

Q. There is no doubt about that - they were not

any small "by-products" prices or anything like that

A. Oh, no.

Q. The letter goes on:

"However, Mr. Tim will be here next week

and we can then discuss the matter thoroughly

and decide on our future action.

"For to all this I had been watching no

other and felt that sooner or later it would

be necessary to put our prices up. In view of t

I got in touch with Beale and suggested that we

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you thought prices ought to go up, was that he would

try to get an order out of Tip Top before the prices

went up - was not that it? A. That is what it

infers.

Q. Well, if it was so essential on account of the

cost of raw material that the prices could be increas

why were you trying to get hold of Beale that he might

get an order out of Tip Top before prices went up?

A. There were various reasons but I could not say at

this time.

trying to get from Tip Top at the lower prices?

A. Well, I do not remember the circumstances.

Q. Well, at any rate, it is correct you were getting after Beale at that time to try to get an order out of Tip Top before the price would be raised? A. Yes.

. "He started working on the job on Friday and finally settled it up yesterday with an order for 100 pieces of 2083 quality at $1.89 which information we cabled to you in our cable last night as under:

SHIP SOONEST TOPS HUNDRED FIFTY EACH 2082 2083. CABLE TODAYS BASIS TOPS FOR COSTINGS AND SELLING. STOP. BOOKED HUNDRED PIECES 2083 TIP TOP TODAY 1.89 DELIVERY PROBABLY COMMENCING MAY. COVER FOR MATERIAL."

Incidentally we have had no market quotations since your cable of December 19th and would respectfully suggest that in these days of fluctuating values you give us the market prices at least weekly. This will enable us to keep absolutely in touch and be in a position to watch our costings."

-- Copy of letter from Kingston to Cross Hills dated January 10, 1934, attached to Exhibit 757, part 14.

Q. Now, the next is a letter dated March 6, 1934, from Douglas Hallam to Hield Brothers:

"Cloth - Terms of Sale.

We are advised that pressure is being

brought to bear on mills to sell cloth other than F.O.B. Mill - for example to sell F.O.B. Montreal of F.O.B. Toronto.

If this practice were started, it would be a very serious thing for the mills and we would be obliged if you would advise us by return:

(a) What your present practice is.

(b) That you will agree not to sell otherwise than F.O.B. Mill."

And your reply is attached, dated March 7th, 1934:

"Dear Major Hallam:

With reference to yours of March 6th re Terms of Sale, please note that in every instance except one order on our books we sell F.O.B. Mill, and as soon as this order has been delivered no further business will be booked other than F.O.B. Mill at Kingston."

-- Letter from Hallam to Hield Brothers, dated March 6, 1934, and reply thereto dated March 7, 1934, attached to Exhibit 757- Part 15.

Q. Now, why was it that it was important that all the mills should sell F.O.B. Mill? A. Well, if one mill was selling F.O.B. Toronto or Montreal, it would give them an advantage.

THE COMMISSIONER: Q. Give advantage to whom? A. To the Mill.

Q. Not to the purchaser? A. And also to the purchaser.

ROBT. BRYDGE

TORONTO

MR. McRUER: Q. Would itbe correct to say this: That the members of t e Association having agreed on the price for the competitive articles that were to be charged, if one manufacturer quote F.O.B. Mill and the other manufacturer quoted F.O.B. Montreal, or F.O.B. Toronto, or F.O.B. Sarnia, he would be really in fact underselling the agreed price? A. Well, selling F.C.B. is a custom of the trade.

THE COMMISSIONER: Q. That, of course, only means that the purchaser takes it at the mill and pays freight and other charges on it? A. Quite.

Q. If you sell it to him at his place of business, he still pays the same charges, does not he? A. Not necessarily.

Q. That is, you put them into your price? A. If we put the freight into our price, yes.

Q. Do not you? A. No, not under present conditions.

Q. If this selling F.O.B. at the purchaser's place of business meant that he would charge him the same price as if he had taken delivery at your mill, then I understand the objection you had to it - That is what it meant, was it? A. Yes.

Q. It was a way, then, of reducing the price? A. Yes.

MR. McRUER: Q. And was it not an understanding of the members of the Association that they would not reduce the price in any way? A. I don't

ROBT. BRYDIE

TORONTO - CA...

remember whether any action was taken at all.

Q. Well, at any rate, this circular letter was sent out - we have a great many of them. We had them in Toronto - it was sent out and you were asked to reply in respect to it and you did reply that you would not sell any other way except F.O.B. Mill?

A. Quite.

MR. KELLOCK: And had not?

MR. McRUER: Q. And that you had not sold in any other way? Now, the next letter is dated the 26th of March, 1934. It is from Hallam to R.H. Hield.

MR. KELLOCK: You might explain that those notes are not the witnesses notes.

MR. McRUER: Some of them may be and some of them may not be. I am not going to deceive anybody about it.

MR. KELLOCK: I am not suggesting that but I think it should be plain. There are a number of pencil notes on these Exhibits which are going in which I understand are Mr. Walton's notes. They are not the witness's at all or any person's ---

THE COMMISSIONER: As long as we take note of it--

MR. McRUER: What my friend says is not accurate at all. Mr. Walton has made some notes on the letter and initialled the notes he made. There are some other pencil notes on the letter which obviously are not Mr. Walton's and evidently somebody else-may be Mr.Grimshaw can tell us.

Q. Well, at any rate, this circular letter was sent out - we have a great many of them. We had them in Toronto - it was sent out and you were asked to reply in respect to it and you did reply that you would not sell any other way except T.C.S. Milk?

A. Quite.

MR. KELLOCK: And had not?

MR. McMURRY: A. And that you had not sold in any other way? Now, the next letter is dated the 26th of March, 1934. It is from Holden to R.H. Hield.

MR. KELLOCK: You might explain that those notes are not the witnesses notes.

MR. McMURRY: Some of them may be and some of them may not be. I am not going to deceive anybody about it.

MR. KELLOCK: I am not suggesting that but I think it should be plain. There are a number of pencil notes on these Exhibits which are going in which I understand are Mr. Walton's notes. They are not the witness's at all or any person's ---

THE COMMISSIONER: As long as we take note of it---

MR. McMURRY: What my friend says is not accurate at all. Mr. Walton has made some notes on the letter and initialled the notes he made. There are some other pencil notes on the letter which obviously are not Mr. Walton's and evidently somebody else---by Mr. Holden can tell us.

THE COMMISSIONER: That is admitted, that there are other notes than Walton's.

MR. KELLOCK: This looks like almost a postscript on this letter which obviously is not Mr. Walton's, but there is an extended note in the margin which is Mr. Walton's.

MR. McRUER: Which is initialled by him.

MR. KELLOCK: I am not sure that is always true.

THE COMMISSIONER: What is the date of this letter?

MR. McRUER: March 26th, 1934. It reads as follows:

"Dear Mr. Hield:

I have your letter of March 24th and will call a meeting of the mills some time this week to discuss the questions you raise."

Now, the note that is on here, initialled by Mr. Walton: "Not on file" That is in reference to the letter of March 24th. "Mr. Grimshaw thinks Mr. Hield probably took it to England with his personal files when he returned there a year ago."

Q. Is that the information you gave Mr. Walton in respect to it? A. Yes.

Q. So that so far as Mr. Walton's note goes it is strictly accurate as the information you gave him? A. Yes, sir.

Q. And then there is written on this in pencil- probably you can tell us whose writing it is:

ROBT. BRYCE
CHARTERED SHORTHAND REPORTER
TORONTO - CANADA

"Cannot attend meeting this week - or before Thursday next week, but see no reason why anyone."

Whose writing is that? A. That is Mr. Hield's writing.

-- Letter from Hallam to R.H.Hield, dated March 28th, 1934, attached to Exhibit 757, Part 16.

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-- Thereupon the Commission adjourned at 12.30 P.M. to resume at 2 P.M.

AFTERNOON SESSION

-- On resuming at 2 P.M.

W. S. GRIMSHAW, Examination continued.

BY MR. McRUER: Q. Mr. Grimshaw, the next letter that I wish to refer to is dated the 17th of December, 1934.

ASSISTANT SECRETARY RENE: Is it the same Exhibit again ?

MR. McRUER: Yes, from Kingston to D.H.Hield, Crosshills? A It is a personal letter, is it not?

Q. Oh yes, it is written by R.H.Hield, apparently with his initials on it. One paragraph reads:

"Re Barrett. We received a circular letter from the Association asking us if we would be prepared to send in information as to orders booked, pieces delivered, stock on hand, etc., and I replied saying that we were not prepared to do this as I could not see any useful purpose being served by handing out this information, and also increase work for the staff here in getting out these details. Unless all the mills in Canada and England gave this information there would be no point in five or six of us doing so.

"With regard to sharing out any Grey and Blue business with Dominion Woollens, this

ROBT. BRYCE
CHAIRMAN

TORONTO, ONTARIO

idea is not rpracticable, and I shall take no further action in the mat ter. If Barrett approaches me again I shall say that we are very sorry but we cannot see our way clear to drop either the Blue or Grey business."

What was the proposition that had come from Barrett in regard to sharing the Grey and Blue business ? A. I haven't the faintest idea.

Q. You don't know? A. I don't remember.

Q. You don't know whht it was ? Then, on the last page of this letter there is this statement:

"The whole position looks healthy and full of life and I am positive that this is only caused by the fact that we have now brought serges out to such a price that they come within the purchasing power of the mass.

"Thank heaven we are out of the Association and can now keep our machinery fully employed." Now, do you know what that refers to, Mr. Grimshaw? A. Well, definitely we were not out of the Association, and I cannot say what he had in mind, whether there was a possibility of our coming out at the time, or it had been discussed by our directors at home, but we were definitely not out of the Association.

Q. Well then, you remained members of the Association and observers of the price agreements of the Association? A. There are no price agreements as far as I know.

Q. You say there never were any price agreements

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

of the Association ? A. They are not agreements which could be enforced.

Q. It isn't a question of agreements that can be enforced; I mean that you agreed between yourselves as to what price you were to sell competitive cloths at ? A. Apparently he is referring there to the time when we no longer entered into any conversations regarding price with our colleagues of the Association.

Q. Well, that is, that you did arrive at that stage later on that you refused to enter into discussions with your colleagues in the Association ? A. Quite.

Q. In respect to prices ? A. Quite.

Q. He said here "Thank heaven we are out of the Association and can now keep our machinery fully employes." Had it been a fact that the prices that you were asked to maintain by your colleagues in the Association were such that they had interfered with you keeping your machinery fully employed ? A. I would not like to make a statement on that point at all. I don't remember the circumstances at that particular time, and I should not like to say anything about that.

Q. Now, the previous paragraph is: "The whole position looks healthy and full of life and I am positive that this is only caused by the fact that we have now brought serges out to such a price that they come within the purchasing power of the mass." That looks like you had been reducing your prices on serges ?

of the Association ? A. They are not agree

Q. It isn't a question of agreement that c
be expressed; I mean that you agreed between your
yes as to what price you were to sell competitive
cloths at ? A. Apparently he is referring the re
the time when we no longer entered into any conver
sations regarding prices with our colleagues of the
Association.

Q. Well, that is, that you did arrive at that
stage later on that you refused to enter into dis-
cussions with your colleagues in the Association ?
A. Quite.

Q. In respect to prices ? A. Quite.

Q. We said here "Since heaven we are out of th
Association and can now keep our machinery fully em
ployed." Had it been a fact that the prices that
were asked to maintain by your colleagues in the As
sociation were such that they had interfered with you
keeping your machinery fully employed ? A. I wou
not like to make a statement on that point at all.
I don't remember the circumstances at that particul
time, and I should not like to say anything about
that.

Q. Now, the position presented is. "The whole
position looks healthy and full of life and I am po
sitive that this is only caused by the fact that we h
were prompt enough to step out to such a price that they co
within the purchasing power of the mass." That look
as if you had been reducing your

A. Possibly, but I could not say.

Q. Then, I have a further letter which appears to be from Kingston to D. H. Hield, at Summerfield ? A. Another personal letter.

Q. Yes.

THE COMMISSIONER: What is it, a letter from whom ?

MR. McRUER: It will be from R. B. Hield to D.H. Hield.

THE COMMISSIONER: That is the man in Canada to the man in England ?

MR.McRUER: YEs, my lord.

THE COMMISSIONER: What date is it ?

MR. McRUER: Dated the 10th of January, 1935.

"I had lunch with Dick one day last week" -- Dick would be whom ? A. David Dick of Cobourg.

THE COMMISSIONER: Who is he ?

MR. McRUER: David Dick of Cobourg; what business is he in ? A. Dyeing and finishing.

BY THE COMMISSIONER :Q. What ? A.Dyeing and finishing, my lord.

MR. McRUER: "I had lunch with Dick one day last week in Montreal, and he seemed to share the general impression that conditions generally were on the up-grade.

"Our friend from the States hasnot yet come back to Canada, but Dick is keeping a close touch and will let me know as soon as he arrives."

Do you know who the friend was ? A. I haven't the faintest idea who that was, probably a personal

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

friend.

"Incidentally I am going up to spend the week-end with the Dicks tomorrow at their house up in the Laurentian Mts.

"I took the colour ranges Brook had made down to Gross" -- who is Gross ? A. Gross Woollens, a jobber in Montreal .

Q. --"this week and I was delighted with the reception they got, and also the great possibilities of running shades off the same warp. Gross liked them so much that he said 'Well, I will give you an order right away if you will leave this colour range with me and will go into them sometime in the afternoon and work out an order for you'.

"Nobody has yet started to quote and, therefore, I am putting my range out" --

MR. KELLOCK: I am not putting my range out.

MR. McRUER: "I am not putting my range out, neither am I intimating my price.

"It looks as if we have got a real good man in Brook" -- and so on. Now, a paragraph near the foot of the page: "The difference in volume which would be booked at say $1.85 as compared with $1.90 is, of course, a matter of guess work, and I am quite positive that the $1.85 price will bring in indefinitely more than $1.90".

MR. KELLOCK: Infinitely.

MR. McRUER: "infinitely more than $1.90.

"When I was up at Society Brands they told me

up in the Inventian Mts.

"I took the colour range stock had made
known to Grose" -- who is Grose ? A. Gro
woollens, a jobber in Montreal .
-- "this week and I was delighted with the
reception they got, and also the great possibi-
lities of running shades off the same warp. Gro
liked them so much that he said 'well, I will
give you an order right away if you will leave
this colour range with me and will go into them
sometime in the afternoon and work out an order
for you'.

"Nobody has yet started to quote and, therefore, I am putting my range out" --

Q. BROOK: I am not putting my range out.

A. GROSE: "I am not putting my range out, neither can I intelligently quote my price.

"It looks as if we have got a real good man in Brook" -- and so on. Now, a paragraph near the foot of the page: "The difference in volume which would be booked at any $1.85 as compared with $1.90 is, of course, a matter of guess work, and I am quite positive that the $1.85 price will bring in indefinitely more than $1.90".

Q. BROOK: Infinitely.

A. GROSE: "Infinitely more than $1.90.

"When I was in Toronto Brooks they told m

that they were anticipating a greatly increased demand on Plain Blues and they are shortly going to be in the market for a 16 oz. Blue Serge. They have been running Barrymore's cloth for a number of years but would like to give us the business, so I do hope you have shipped out the KX or your own super quality for us to experiment with to procure a cloth against this Barrymore one.

"Dodd of Patons got in touch with me last week and wanted me to go up to a meeting in Toronto for Friday to discuss a minimum price basis. I went down to see him about 4:30 and we talked till past six. He said he did not mind how low the minimum basis was set as long as we set one in order that we would all know where we stood wit regard to customers playing one mill against the other.

" He said that Patons, Barrymores and Du-ponts had deliberately allowed Dominion Woollens and ourselves to book the serge business, but that unless one form of minimum basis was arrived at they would also start competing for the business.

"I said that is perfectly obvious" --

THE COMMISSIONER: Compete for the what ?

MR. McRUER: For the business; that would be the serge business, apparently ? A. Yes.

Q. " I said that is perfectly obvious and quite logical, but under the circumstances with so many firms out of the Association we would not bind

ourselves in any way to any minimum price; and he ended by saying that this was perfectly definite and that the 'gloves were now off' or words to that effect.

"I said that as far as any other form of co-operation with other mills in Canada was concerned we would be only too pleased to work with them, but on the price question we must be allowed a free field. I trust that you will agree with me in not again binding ourselves to a minimum."

Now, Mr. Hield, there is quite a large quantity of correspondence --

THE COMMISSIONER: You address the witness as Mr. Hield.

MR. McRUER: Mr. Grimshaw, I beg your pardon, quite a large quantity of correspondence that you delivered to Mr. Walton when he visited your plant and while there may be some things in it that are of interest, I want to retain it but I do not want to retain you here while I go through it ? A. Quite.

Q. That is quite agreeable to you, I understand ? A. Yes.

Q. Mr. Kellock has seen it.

THE COMMISSIONER: Well now, are you adding that ?

MR. McRUER: I want to add it as another exhibit, my lord.

THE COMMISSIONER: As another Exhibit.

MR. McRUER: Yes, without detailing it.

THE COMMISSIONER: What is it, a file of miscellaneous correspondence ?

MR.McRUER: From Hield Brothers.

THE COMMISSIONER: A file of miscellaneous correspondence; It will be Exhibit 758.

and that the Crown were not left to
it's effect.

one.sizz Also, where I ... [illegible] ... we would be only too pleased to work with them,
or the price agreed on we must be allowed a free
field. I trust that you will assure me in not
[illegible] ... to a minimum."

How, Mr. Wood, there is quite a large quantity of
[illegible]

THE CHIEF [illegible]: You address the witness as
Mr. Blyth.

MR. MACKAY: Mr. Chairman, I beg your pardon,
quite a large quantity of [illegible]
delivered to Mr. Dalton when he visited your plant
and while there may be some things in it that are of
interest, I want to retain it but I do not want to
[illegible]

[illegible]

stand ? A. Yes.

MR. [illegible]

THE CHAIRMAN: Well now, are you adding
that ?

MR. MACKAY: I want to add it as another ex-
hibit, My Lord.

THE COMMISSIONER: As another Exhibit.

MR. MACKAY: Yes, with that [illegible]

THE COMMISSIONER: Plot in it, a file of mis-
[illegible]

THE COMMISSIONER: A file of miscellaneous
[illegible] it will be Exhibit 758.

EXHIBIT NO. ~~758~~ 760: File of miscellaneous correspondence pertaining to Hield Bros.

BY MR. KELLOCK: Q. Mr. Grimshaw, the correspondence, Exhibit 757 used the expression C.M.A. Were Hield Bros. at any time a member of the Canadian Manufacturers' Association? A. No, that was obviously a mistake.

Q. That is obviously a mistake ?

BY THE COMMISSIONER: Q. What is meant then by C.M.A.? A. Well, I think it is due to our custom at home, in the old country. We are members of the Manufacturers' Association there and we always refer to it as the Manufacturers' Association, and it is simply a matter of -- our people at home when we use that term C.M.A., fully understood it referred to the Canadian Knit Goods and Woollen Manufacturers' Association, and not to the C.M.A.

Q. There is such an Association in Canada ? A. That is the association we are members of.

MR.McRUER: That is the one Mr. Hallam told us about.

THE COMMISSIONER: It comes under Woollens, I suppose.

MR.McRUER: The Canadian Woollen and Knit Goods Manufacturers' Association.

THE COMMISSIONER: It is a section of the Canadian Woollen and Knit Goods Association?

MR. McRUER: Yes.

BY MR. KELLOCK: Q. Then, Mr. Grimshaw, in

EXHIBIT No. 760: Title of miscellaneous correspondence pertaining to Ninth Drop.

BY MR. MACLOCK: Mr. Grimshaw, the correspondence, Drop. at any time - [illegible] Ninth

Association? A. No, that was obviously a mistake.

. That is obviously a mistake "

BY THE COMMISSIONER: Q. What is meant then by C.M.A...? A. Well, I think it is due to our custom at home, in the old country. We are members of the Manufacturers' Association there and we always refer to it as the Manufacturers' Association, and it is simply a matter of -- our people at home when we use [illegible] C.M.A., fully understood it referred to the Canadian Manufacturers' Association, and not to the C.M.A.

. There is such an Association in Canada ?

. That is the association we are members of.

MR. MACTAGGART: That is the one Mr. Hallam told us about.

THE COMMISSIONER: It covers under woollens, I suppose.

MR. MACMURRAY: The Canadian Woollen and Knit Goods [illegible]

THE COMMISSIONER: It is a section of the Canadian Woollen and Knit Goods Association?

MR. MACMURRAY: Yes.

BY MR. MACLOCK: Then, Mr. Grimshaw, in

referring now -- if we put the exact interpretation into the word "Association" or "C.M.A.", were all the members of the Woollen Association who were making cloth discussing prices with your firm at the time that is covered by this Exhibit? A. No.

Q. So it was not an association matter at all, even using it correctly ? A. No.

Q. And then there were a number of other producers of cloth who were not discussing prices at all? A. Quite.

Q. So it was only a small group? A. That is so.

Q. Is that right? A. That is right.

Q. So that when Mr. Hield -- I don't think you had much to do with it, there is only a couple of letters there by you -- but when Mr. Hield uses the phrase , either C.M.A. or Association he is quite wrong if he is talking about prices because it was only a small group of producers that ever discussed the price with you ? A. Quite.

Q. That is right ? A. Simply as a way of expressing it.

BY THE COMMISSIONER: Q. Simply what ?
A. As a way of defining it.

BY MR. KELLOCK: Q. When he says in one letter, he expresses this to somebody that he is no longer in the Association and his prices are now such that the masses can buy the goods he means that he has broken away from this small number ? A. Quite so, sir.

THE COMMISSIONER: Do you know who the members of that group were ?

torting now -- if we put the exact interpretation
remove of the Woollen Association who were making
cloth discussing prices with your firm at the time
that is covered by this exhibit? A. No.
Q. So it was not an association matter at all,
even using it correctly? A. No.
Q. And then there were a number of other pro-
A. Quite.
Q. So it was only a small group A. That is a
Q. Is that right? A. That is right.
Q. Is that what Mr. Bloid -- I don't think you
had much to do with it, there is only a couple of
letters there by you -- but what Mr. Bloid uses the
wrong if he is talking about prices because it was
only a small group of producers that ever discussed
the prices with you? A. Quite.
Q. What is right? A. Simply as a way of
expressing it.
BY THE COMMISSIONER: Q. Simply what?
A. As a way of defining it.
BY MR. KELLOCK: . When he says in one letter,
he expresses this to somebody that he is no longer in
the Association and his prices are now such that the
masses can buy the goods is means that he has broken
A. Quite so, sir.
Do you know who the members
of that group were?

MR. McRUER: I was just going to ask Mr. Grimshaw that because I understood Mr. Grimshaw to say he did not know anything about this price fixing association. Now, if he does I shall have to examine him further as to who they are and all about them.

BY MR. KELLOCK: Q. Do you know the other persons or mills that did discuss prices with your company ? A. I think I know, but I would not like to swear to it.

Q. You are not sure ? A. Not sure.

Q. You apparently did not have much to do personally with that matter ? A.No, that is so.

THE COMMISSIONER: Well, I do not understand that. He says he thinks he knows.

THE WITNESS: Pardon me --

THE COMMISSIONER: Is that satisfactory evidence ? You see the letter talks of an Association .

MR. KELLOCK: It is not written by the witness.

THE COMMISSIONER: I know it is not but he is asked if he knows anything about it and he says "yes, it refers to a small number of other dealers", and he is asked who the small number were and he says he cannot name them. How does he know they are a small number or a big number if he cannot name one of them.

BY MR. KELLOCK: Q. Do you know any of them ? A. Yes.

Q. Will you tell his lordship? A. Dominion Woollens and Worsted, and Patons, and Duponts and ourselves. I think that is all.

ROBT. BRYDIS
CHARTERED ACCOUNTANT
TORONTO

Now, if he does I shall have to examine him further
as to who they are and all about them.

BY MR. MILLOCK: Q. Do you know the other per
sons or mills that did discuss prices with your com
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Q. You are not sure ? A. Not sure.

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ersonally with that matter ? A.No, that is so.

THE COMMISSIONER: Well, I do not understand
that. He says he thinks he knows.

THE WITNESS: Pardon me --

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asked if he knows anything about it and he says "Yo
it refers to a small number of other dealers", and
is asked who the small number were and he says he o
not name them. How does he know they are a small
number or a big number if he cannot name one of the

BY MR. MILLOCK: Q. Do you know any of them ?

A. Vega.

. Will you tell his Lordship? A. Domini
collows and Ogilvies, and Watsons, and Imperials and
elves. I think that is all.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO CANADA

MR. McRUER: Downs seemed about the only man they were worrying about not being in it.

MR. KELLOCK: Let him finish. Is that all you know of, Mr. Grimshaw? A. And Barrymore.

BY THE COMMISSIONER: Q. Who is that? A. The Barrymore Cloth Company.

BY MR. KELLOCK: Q. Was Barrymore discussing prices with you? A. I think so.

Q. Are you sure of that? Did you ever discuss with any representative of Barrymore on behalf of your company the question of minimum prices? A. I am not quite sure.

Q. Then, you are not sure of Barrymore? A. Yes, I think Barrymore was in the little group.

Q. So far as you are personally concerned what is that based on? Did you ever discuss prices with them? A. Well, conversations I had with various -- Mr. Hield and men in the trade.

Q. So you think Barrymore was also one of the group, all right. Now, in that letter of the 17th of December, 1934 which his lordship has just referred to where Mr. Hield says "Thank heaven we are out of the Association" you say you are still and always have been members of the Association? A. Quite.

Q. So this must refer to this group? A. Yes.

Q. My friend called your attention to the preceding paragraph which speaks about -- no, the same paragraph which says "Thank heaven we are now out of the Association and can now keep our machinery fully employed." Before your company ever discussed prices

ROBT. RHYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

with any other mill where there times when your machinery was not fully employed ? A. Oh, yes.

Q. And during the time you were discussing prices were there also times that your machinery was not fully employed ? A. I could not say from memory.

Q. You are not sure as to that ? A. Not from memory.

Q. So that Mr. Hield in his correspondence is not very careful about the language that he uses when he is talking about the C.M.A. and the Association .Did you ever see any documents that was part of any price discussions ? A. I do not remember.

Q. I want to show you a letter --

MR. Mc RUER: Is this something more Mr. Hallam did not show us ?

MR. KELLOCK: No, do not suggest that or anything else. I want to show you a copy of a letter which is said to come from your files, Mr. Grimshaw; do you recognize that as a letter coming from your files ?

MR. McRUER: Is it one of this bunch ?

MR. KELLOCK: No, it is one that came along subsequently.

MR. McRUER: It is one he did not give to Mr. Walton ?

MR. KELLOCK: Apparently.

THE WITNESS: No, I don't remember that.

Q. You don't remember that ? A. No.

MR. McRUER: Let me see it.

ROBT. BRYDIE
Shorthand Reporter
TORONTO - CANADA

I copy

Grimshaw

MR. KELLOCK: If I am going to show it to my friend I want to put it in.

MR. McRUER: Well, I don't know -- we will get it some other way.

THE COMMISSIONER: If you hand it to the witness I think it ought to be put in. Have you done that ?

MR. KELLOCK: He had it in his hand and he says he does not recognize it.

THE COMMISSIONER: Well, that does not put it in.

MR. KELLOCK: My friend wants it in.

MR. McRUER: I want to look at it.

THE COMMISSIONER: If you both want it in then, of course, in it goes.

MR. KELLOCK: I do not want my friend to look at it and then say he does not want it in.

MR. McRUER: I have not shown any disposition to keep anything out that you wanted in.

MR.KELLOCK: Is that a promise ?

MR. McRUER: Oh, it is one signed by Douglas Hallam.

MR. KELLOCK: Then, I want to put it in.

THE COMMISSIONER: Is it going in ?

MR. KELLOCK: Yes, my lord.

MR. McRUER: If my friend will undertake to have Mr. Hallam come --

MR. KELLOCK: No, I won't undertake that.

THE COMMISSIONER: Is it a letter signed by Mr. Hallam?

MR. McRUER: I would like to have the original.

ROBT. BRYDIE
TORONTO

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
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MR. KELLOCK: It is addressed, my lord, to Mr. David Hield and the original can only be in the files of the witness.

MR. McRUER: That is one of the difficulties; you see, it is not there.

THE COMMISSIONER: Well, we will take it anyhow.

MR. KELLOCK: It is a letter from Mr. Hallam to Mr. David Hield.

MR. McRUER: What date ?

MR. KELLOCK: The 9th of June, 1933.

MR. McRUER: That was before the agreement was made ?

MR. KELLOCK: My friend says that was before the agreement was made.

MR. McRUER: That is leading up to it.

MR. KELLOCK: I am satisfied with that. It simply says, the first part of it -

"Attached is the memorandum discussed this morning. Points to be added are:

(1) No contracts to be taken without date of completion being stated. All contracts to be enforced as to original prices and deliveries.

(2) All sample yardage and yardage cut up for travellers samples to be charged for.

Method.

(1) Each mill to write me a letter signed by the responsible head of the mill stating what they propose to do. A draft of this letter to be provided.

(2) I am to look to this man to see that his

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO

Mr. Justice! It is unfortunate, my Lord, to say.
David Lloyd and the original can only be in the files
of the witness.

MR. MACKAY: What is one of the difficulties;
You see, it is not there.

THE COMMISSIONER: Well, we will take it anyhow
MR. MORTON: It is a letter from Mr. Dillon to
Mr. David Lloyd.

MR. MACKAY: Right here?

MR. MORTON: That was before the agreement was
made ?

MR. CULLOCK: My friend says that was before the
agreement was made.

MR. MORTON: That is leading up to it.

MR. MACLOCK: I am satisfied with that. It may
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For travelators samples to be changed for

Letter.

(1) Noon will to write me a letter sign
by the responsible head of the mill stat
what they propose to do. A draft of the
[illegible]

[illegible]

undertaking is carried out in the spirit of the letter.

(3) In case reports are made and I am not satisfied with information I obtain I have the right to examine all records or to have my accountant examine them for me.

(4) Undertakings may be cancelled by any mill on 7 days (or whatever period is considered advisable) notice in writing before quoting lower prices; provided that such mill will attend a meeting to be called immediately.

(5) Meetings to be called at the request of any mill and meetings to be held at least every fortnight."

then, there are a number of other terms and prices mentioned which are not material at the moment.

THE COMMISSIONER: That letter refers to the 7 days; it reminds me there is something on file about that.

MR. McRUER: It is very similar to the wording in the hosiery agreements.

THE COMMISSIONER: The hosiery agreement was 15 days.

MR. McRUER: Yes.

THE COMMISSIONER: It seems to me there is a letter on file, and I think in connection with the Woollen Association, about a 7 days' agreement.

MR. McRUER: That was in Paris, my lord, in reference , I think, to women's underwear and children s

ROBT. BRYDIE

CANADA - TORONTO

sleepers.

THE COMMISSIONER: This is still a different thing.

MR. McRUER: This is a different article but the same phraseology more or less and the same modus operandi.

BY MR. KELLOCK: Q. Do you know at what time your company ceased to discuss prices with the other mills ? A. I cannot remember..

Q. I take it, Mr. Grimshaw, that it was at least prior to the 17th of December, 1934 when Mr. Hield refers to the fact that he was then out of the Association ? A. Presumably.

Q. Then, my friend referred you to a letter of the 13th of July, 1933 which refers to the advertisement in the Whig Standard about weavers and menders; you recall that letter? A. Yes.

Q. Mr. Grimshaw, was your company under any expense in bringing these work people to Kingston ? A. Decidedly. -

Q. What was that ? A. In 1931 we brought weavers and menders out and paid their expenses.

BY THE COMMISSIONER: Q. From where ? A. From England.

BY MR. KELLOCK: Q. Did you get it back ? A. No, only in the form of labour.

THE COMMISSIONER: Well, you got it back in the form of labour ?

BY MR. KELLOCK: Q. When you say in the form of labour, what did you mean? Did you pay them for their

ROBT. BRYCE
(LIMITED)
TORONTO

THE COMMISSIONER: This is still a different

BY MR. KELLOCK: This is a different article but

same phraseology more or less and the same mode

question:

BY MR. KELLOCK: Q. Do you know at what time

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prior to the IVth of December, 1934 when Mr. Mead

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weavers and members out and paid their expenses.

BY THE COMMISSIONER: Q. From where ? A.

Q. Did you get it back ?

A. No, only in the form of labour.

THE COMMISSIONER: Well, you got it back in t

form of labour ?

BY MR. KELLOCK: Q. When you say in the form

labours? A. We paid them for their labour, yes.

BY THE COMMISSIONER: Q. That is, your expenses of bringing them out were not taken from them again out of their wages ? A. No, my lord.

BY MR. KELLOCK: Q. You were out that ? A. Yes.

Q. And therefore, was that at least one of the things that would be in the minds of the officers of your company when you saw the advertisement in a local paper inviting your employees away ? A. Undoubtedly.

Q. Kingston isn't a very large place, is it ? Don't pay any attention to my friend at the moment.

THE COMMISSIONER: We are not sitting in Kingston this morning.

MR. KELLOCK: No, but I want your lordship to know. I understand yours is the only mill of that character there ? A. That is so.

Q Is there any other mill employing weavers there? A. No.

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ROBT. BRYDIE
TORONTO - CANADA

Q. My friend also referred you to a letter dated November 2, 1933, which deals with that question of orders as required. You recall that? A. Yes, I think so.

Q. Was there any difficulty from the standpoint of the trade, of the mills, with orders of that kind, orders for delivery as required?

THE COMMISSIONER: You mean the orders were given that way.

MR. KELLOCK: Yes.

THE COMMISSIONER: And accepted that way?

MR. KELLOCK: Yes, with that limitation of six months, and the suggestion was that the time should be extended for one month.

BY MR. KELLOCK: Q. Was there any difficulty from the standpoint of the mills with orders of that kind? A. I think we can say that there is always difficulty with orders of that kind.

Q. What were the difficulties? A. In the event of prices dropping there is great difficulty in procuring delivery instructions and specifications from the customer.

Q. That is, he did not like to be asked to take delivery?

BY THE COMMISSIONER: Q. After the price had dropped? A. Quite so.

BY MR. KELLOCK: Q. That was a rather one-sided arrangement so far as the buyer was concerned. A. Yes.

Q. This letter goes on to deal with the suggestion about putting the names of such customers who would not take delivery on a blacklist. Do you know whether in fact that was ever done? A. I do not remember, but I do not think anything of that kind was done at all.

detail Governor S. Lyon, which deals with that matter of orders as required. You recall that? A. Yes. I think so.

Q. Was there any difficulty from the standpoint of the trade, or the mills, with orders of that kind, orders for delivery to be fixed?

THE COMMISSIONER: You mean the orders that were given that way.

MR. KELLOCK: Yes.

THE COMMISSIONER: And accepted that way?

MR. KELLOCK: Yes, with that limitation of six months, and the suggestion was that the time should be extended for one month.

BY MR. KELLOCK: Q. Was there any difficulty from the grain point of the mills with orders of that kind. A. I think we can say that there is always difficulty with orders of that kind.

Q. What were the difficulties? A. In the event of prices dropping there is great difficulty in processing delivery instructions and specifications from the farmers.

Q. That is, he did not like to be asked to take delivery?

BY THE COMMISSIONER: Q. After the price had dropped? A. Quite so.

BY MR. KELLOCK: Q. That was a matter one-sided arrangement so far as the buyer was concerned. A. Yes.

Q. This letter goes on to deal with the suggestion about putting the names of such customers who would not take delivery on a list. Do you know whether or not that was ever done? A. I do not remember, but I do not think anything of that kind was done at all.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. You do not think anything was ever done? Did Down Coulter and Company ever discuss prices with you or any other members of the group? A. I really could not say.

Q. So far as you know they did not? A. I do not remember.

Q. My friend also referred you to a letter of January 9, 1934, from England, addressed to you, Mr. Grimshaw, which says:

"Yours of December 28 to hand telling us of the meeting of C.M.A. and the attitude of Downs. I sincerely hope Downs will come into line, and I think he is too sensible a man to entertain a price war if one can be avoided."

How did the prices Down Coulter was quoting at that time compare with your costs?

THE COMMISSIONER: Compare with what?

MR. KELLOCK: Compare with the costs of Field products.

THE COMMISSIONER: Comparing the price of one with the costs of another.

MR. KELLOCK: Yes.

THE WITNESS: That is a question I could not possibly answer.

BY MR. KELLOCK: Q. Was there ever a time betwee 1933 and 1934 when Down Coulter were quoting prices below your Canadian costs? A. I really could not remember.

Q. You do not remember that? A. I could not remember that.

THE COMMISSIONER: Is this an English firm, Mr. Kellock?

MR. KELLOCK: Yes, it has a place at Trenton.

MR. McRUER: They have a place at Trenton, Ontario.

Q. You do not think anything was ever done?

A. Down Ouster and Vernon over nineteen prisons with Joe, or any other members of the group? A. I really could not say.

Q. So far as you know they did not? A. I do not remember.

Q. My friend also referred you to a letter of January 9, 1934, from England, addressed to you, Mr. Quinlan, which says:

"Yours of December 22 to hand telling us of the meeting of C.M.A. and the attitude of Norma. I sincerely hope Norma will come into line, and I think he is too sensible a man to embroil a price war if one can be avoided."

[illegible]

[illegible] that term compare with Joe's course?

MR. KELLOCK: Compare with the course of [illegible] procedure.

THE COMMISSIONER: Comparing the price of one with [illegible]

[illegible]

THE WITNESS: That is a question I could not possibly answer.

[illegible] 1933 and 1934 when Down Ouster were quoting prices [illegible] how your Canadian course? I really could not [illegible].

Q. You do not remember that? A. I could not remember that.

THE COMMISSIONER: Is this an English item, Mr. Wallace?

MR. WALLACE: Yes, it was a piece at Trenton.

THE COMMISSIONER: And was this company quoting prices out of their Trenton factory lower than the Hield Company's costs?

MR. KELLOCK: Yes, my lord, that seems to be the inference from the correspondence.

MR. McRUER: At less than the agreed prices.

THE COMMISSIONER: The question you put, Mr. Kellock, was whether the Down company was quoting sellin prices at less than the cost of production of the Hield Company. Now the prices you refer to are prices out of the Trenton mill, not out of the English mill.

MR. KELLOCK: I assume so, yes.

BY MR. KELLOCK: Q. My friend referred you, Mr. Grimshaw, to a letter dated January 10, 1934, written by you to England, which refers to a proposed increase in price, and says, "There is no doubt that the recent advance in raw material prices warrants a corresponding advance in our selling prices." Do you recall that letter ?
A. Quite.

Q. That was January 10, 1934, Mr. Grimshaw? Were you following the price of raw materials at that time? A. I always follow the price of raw materials.

Q. Do you recognize this graph as showing the true position at that time? A. Yes.

Q. Apparently, according to this graph, in the month of January 1934 the price was the highest that it had been since the early part of 1929?
A. That is so.

Q. And it has never reached that point since, according to this graph? A. No.

THE COMMISSIONER: You say, Mr. Kellock, that it has not reached that price since?

MR. KELLOCK: It has not reached that price since,

THE COMMISSIONER: And was this company quoting prices out of their Trenton factory lower than the Field Company's costs?

MR. KELLOCK: Yes, my lord, that seems to be the inference from the correspondence.

MR. MORDEN: Less than the agreed prices.

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MR. KELLOCK: I assume so, yes.

Mr. Grimshaw, to a letter dated January 10, 1934, written by you to Morland, which refers to a proposed increase in price, and says, "There is no doubt that the recent advance in raw materials warrants a corresponding advance in our selling prices." Do you recall that letter?

A. Quite.

Q. That was January 10, 1934, Mr. Grimshaw? Were you following the price of raw materials at that time? A. I always follow the price of raw materials.

Q. Do you recognize this graph as showing the true position at that time? A. Yes.

Q. Approximately, assuming it is going, in the month of January 1934 the price was the highest that it had been since the early part of 1929?

A. That is so.

Q. And it has never reached that point since, according to this graph? A. No.

THE COMMISSIONER: You say, Mr. Kellock, that it has not reached that price since?

MR. KELLOCK: It has not reached that price since

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
)RONTO - CANADA

which takes us down to the end of 1935.

MR. McRUER: What was the date of the high point?

MR. KELLOCK: 1934.

BY THE COMMISSIONER: Q. What are those, raw materials? A. Wool tops.

BY MR. KELLOCK: Q. Mr. Grimshaw, what was the situation in the early part of 1933 so far as duties are concerned on worsted cloths imported into Canada from Great Britain? Do you recall the duty situation at that time?

THE COMMISSIONER: Mr. Kellock, did you say the early part of 1933?

MR. KELLOCK: Yes, the early part of 1933.

THE WITNESS: To the best of my recollection 27½ per cent ad valorem, less 10 per cent, and 18¾ specific, less 10 per cent.

THE COMMISSIONER: We have the customs tariff, which can be consulted as the witness does not seem sure. He says, to the best of his recollection.

THE WITNESS: I think that is fairly correct.

THE WITNESS: At all events it should be properly given.

BY MR. McRUER: Q. Did you say the specific duty was 18¾? A. 18¾ per pound less 10 per cent.

BY THE COMMISSIONER: Q. Do you say that that is the duty on woollen fabrics?

MR. McRUER: That was on the serge.

THE WITNESS: I think it covered all items.

MR. KELLOCK: It is tariff item 554B, I think.

THE COMMISSIONER: We want to avoid making mistakes in a matter of that kind.

ROBT. BRYDIA
TORONTO

us down to the end of 1929.

Mr. McCREA: What was the date of the high point?

Mr. KELLY: 1920.

BY [illegible]: Q. What was the value, in [illegible] A. Gold type.

BY Mr. [illegible]: Mr. Chairman, that was the situation in the early part of 1922 so far as duties are concerned on worsted cloths imported into Canada from Great Britain. Do you recall the duty situation at that time?

[illegible] the early part of 1922?

[illegible]: In the act of 1922 specification 27½ per cent ad valorem, less 10 per cent, and 18½ specific, less 10 per cent.

THE CHAIRMAN: We have the customs tariff, which can be consulted as the witness does not seem sure. He says, to the best of his recollection.

[illegible]: I think that is fairly correct.

[illegible]: It will evenly it should be properly given.

BY Mr. McCREA: Q. Did you say the specific duty was 16½? A. 18½ per pound less 10 per cent.

BY THE CHAIRMAN: Q. Do you say that in the duty on woollen [illegible]

[illegible]: I think it covers all items.

Mr. KELLY: It is merit item 849. I [illegible]

MR. KELLOCK: Since October 13, 1933, the British preferential tariff was 27½ per cent less 10 per cent, and the specific 18¾ less 10 per cent.

THE COMMISSIONER: That was the situation in the early part of 1933.

MR. KELLOCK: Yes.

BY MR. KELLOCK: Q. What was the situation in the industry at that time, Mr. Grimshaw, with regard to the possibility of selling your cloth at a profit? A. So far as I remember we had considerable English competition, particularly on the plain cloths, the serges, plain blues and greys.

Q. You had considerable English competition, and how did that operate at that time so far as your selling at a profit is concerned? A. Well, I think it was instrumental in prohibiting us from selling at a profit.

Q. I am showing you a letter from the Managing Director in England to your Kingston office dated July 25, 1933. This is a copy which you can accept for the moment until I get the original from your files. It says:

" Re ORDERS ON HAND"

"I do not think that you need be much disturbed that you cannot deliver all the goods as they are wanted. The goods are all sold on practically a cost basis, and so long as you are running 100 per cent you are getting all the benefit out of these orders that you can get."

THE COMMISSIONER: Who writes that letter?

MR. KELLOCK: It is written from Cross Hills, England, to David Hield.

THE COMMISSIONER: To Kingston?

MR. KELLOCK: To Kingston.

BY MR. KELLOCK: Q. Now, Mr. Grimshaw, does that represent the situation you experienced at that time as to the cost basis?

MR. McRUER: It does not say whether it was the selling price or cost. The orders were taken on a cost basis.

BY MR. KELLOCK: Q. What does that mean? Does it mean agreeing on a selling price for these orders that you had taken from your customers, the selling price to them -- A. I read it that way.

MR. KELLOCK: That is how I read it, and the witness confirms it.

THE COMMISSIONER: What is the date of the letter?

MR. KELLOCK: It is dated July 25, 1933.

THE COMMISSIONER: We had a whole lot of correspondence of which we made one exhibit. Do you want this letter to go in with that exhibit?

MR. KELLOCK: I should think that was the place.

THE COMMISSIONER: You want this put in as part of exhibit 757.

MR. KELLOCK: Yes.

Exhibit 757, Part 19: Letter from David Hield, Cross Hills, to Hield Company, Kingston, dated July 25, 1933.

MR. KELLOCK: The last paragraph of that letter which is going in as Part 19 of Exhibit 757 is:

"The very fact that you have so many goods on order at low prices is to my mind the reason why you should make every effort to

book new orders at better prices, and if there are delays in the delivery of the old orders, well, there are delays, and they cannot be helped."

To save time I would like to use these copies.

BY MR. KELLOCK: Q. I now show you another letter, Mr. Grimshaw, from your Managing Director in England to your Kingston office, dated July 25, 1933, and as my friend says this would be after the time he had started to discuss prices with these other mills.

THE COMMISSIONER: That is the same date as the last letter, Mr. Kellock ?

MR. KELLOCK: Yes, my lord. I do not want to read all the letter, but it says in part --

THE COMMISSIONER: Hadn't you better read it all?

MR. KELLOCK: It is as follows:

Cross Hills,
July 25, 1933.

KINGSTON

Re CONDITIONS

"Our sales last week were over 900 pieces including 200 pieces bandies. I might say that this 900 pieces included 250 pieces which were really settled up some few weeks ago.

For the moment it looks as though a lot of customers had done their covering and that we shall not continue to have these enormous weeks.

There is no change in wool, but we could have bought yesterday at 31d. It seems to me that the top of the market is off, but we cannot say what wool will do later in the year. It may recede to 27/28d, and if we

ROBT. BRIDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

could sell on a 27/28d basis to-day we should do so as we still have a considerable cover at our disposal and we are hoping to keep some of this to enable you to hold your spring business.

Again referring to the spring business, cable us any thought you have on the matter as it is most important that we know what you may be likely to want and what price you are able to obtain.

I think the situation in America is most dangerous as if their great experiment fails, we might see confusion with always the terrible possibility of even a revolution, and should anything serious happen over there the repercussion would be felt throughout the whole world.

Re Prices. Customers over here seem to think that the odd 3d and 4d per yard which we are asking advance is sufficient to meet the present rise in wool. They cannot realize that wool has gone up 9d and 10d per pound and that really 1/0d per yard is required for a 16 ozs cloth to cover replacement values.

Manufacturers over here have been and are so quiet that they are letting their cheap stuff go in every direction, and so far as I can make out 4d per yard is the highest that can be enforced, but bear in mind that 3d per yard does not begin to cover replacement costs."

BY MR. KELLOCK: Q. I want to ask you about those last few lines,"but bear in mind that 3d per yard does not begin to cover replacement costs."

What is the writer saying there in

your language?

BY THE COMMISSIONER: Q. What is he saying in our language?

BY MR. KELLOCK: Q. How do you interpret that? A. He implies that with the advance in raw materials they should get 9d or 10d or a shilling to take care of replacement costs.

BY MR. McRUER: Q. Not for the cost of the raw material, but the selling cost? A. Replacement cost. He says there apparently that 3d or 4d a yard is the utmost they can get.

BY MR. KELLOCK: Q. That is in England? A. In England.

Q. But if he sells it here at only that advance he will not begin to cover his replacement cost. I now show you a letter from Mr. Beale. You said he was your Toronto agent, and he writes this letter to Mr. David Hield on June 22, 1933. In the second last paragraph he refers to certain proposed sales to a customer and says:

> "We very much regret having to pass this up, but we quite appreciate that it is ridiculous taking orders today at any price that does not show at least its own or a profit."

What do you say as to the prices that were ruling at that time, before you started to discuss with your mills in England prices in relation to your cost of production? A. Presumably we were unable to obtain a reasonable selling price in England compared with the cost of material.

Q. Is that your recollection of the situation at that time? A. That is, so far as I can remember.

THE COMMISSIONER: As I understand this

BY MR. [illegible]: Q. What is he saying in our language?

BY MR. KELLOCK: Q. How do you interpret that? A. He implies that with the coverage in raw materials they should get 9d or 10d or a shilling to take care of replacement costs.

BY MR. MCLEAN: Q. Not for the cost of the raw material, but the selling cost? A. Replacement cost. He says there apparently that 8d or 9d a yard is the utmost they can get.

BY MR. KELLOCK: Q. That is in England? A. In England.

Q. But if he sells it here at only that advance he will not begin to cover his replacement cost. I now show you a letter from Mr. Beale. You said he was your Toronto agent, and he writes this letter to Mr. David Reid on June 22, 1933. In the second last paragraph he refers to certain proposed sales to a customer and says:

"We very much regret having to pass this up, but we quite appreciate that it is that does not show at least its own or a profit."

What do you say as to the prices that were [illegible] at that time, having [illegible] to discuss with your mills in England prices in relation to your cost of production? A. Previously we were unable to obtain a reasonable selling price in England compared with the cost of material.

Q. Is that your recollect.on of the situation at that time? A. That is, so far as I can remember.

correspondence, when it refers to costs of material, it is not the cost of the material that went into the article being sold presently but the cost of replacing that material with new material.

MR. KELLOCK: That is what one letter definitely says.

THE COMMISSIONER: You used the word "replacement", and I think that is what we heard in Toronto. I want that point brought out because it is important. When language is used to say "we are selling under the cost of production" apparently that means the cost of replacing these goods, not what it cost to produce them.

MR. KELLOCK: I do not understand it that way. When the correspondence speaks of replacement costs it says replacement csts, and that letter definitely says replacement costs.

THE COMMISSIONER: That letter from England, does it not say that the cost of wool has gone up so many pence?

MR. KELLOCK: Yes.

THE COMMISSIONER: And therefore we should sell at suc a price to meet the replacement cost?

MR. KELLOCK: Yes.

THE COMMISSIONER: Does not that indicate the way it is carried on ? There is no secrecy about it.

MR. KELLOCK: Your Lordship has evidence to the effect that that is the way ~~xxx~~ business should be carried on because they have to buy new material when the price has gone up.

THE COMMISSIONER: And when the selling price goes down and the raw material cost goes down --

MR. KELLOCK: Your Lordship has that evidence, and my recollection is that the same thing follows

correspondence, when it refers to costs of material, it is not the cost of the material that went into the article being sold presently but the cost of replacing that material with new material.

MR. KNILOCK: That is what one is ever definitely says.

THE COMMISSIONER: You used the word "replace-ent", and I think that is what we heard in Toronto. I went that point brought out because it is important. When language is used to say "we are selling under the cost of production" apparently that means the cost of replacing these goods, not what it cost to produce them.

MR. KNILOCK: I do not understand it that way. When the correspondence speaks of replacement costs it says replacement costs, and that letter definitely says replacement costs.

THE COMMISSIONER: That letter from Taylor, does it not say that the cost of wool has gone up so many pence?

MR. [illegible]

THE COMMISSIONER: And therefore we should sell at see a price to meet the replacement cost?

MR. KNILOCK: Yes.

THE COMMISSIONER: Does evi- [illegible] the way it is carried on? There is no secrecy about it.

MR. KNILOCK: Your Lordship has evidence to the effect that that is the way bus business should be carried on because they have to buy new material [illegible].

THE COMMISSIONER: And when the selling price [illegible] —

MR. KNILOCK: Your Lordship has that evidence.

MR. McRUER: Ought to follow.

MR. KELLOCK: Follows in practice.

MR. McRUER: I do not think there is evidence of that.

BY MR. KELLOCK: Q. What do you say, Mr. Grimshaw? When the raw material market is going down, what effect does that have on the prices you are able to sell at? A. We naturally have to come down.

BY THE COMMISSIONER: Q. Your selling price goes down with the trend of the market? A. Yes.

BY MR. KELLOCK: Q. You cannot resist that situation? A. No.

Q. Now I show you a letter from Mr. Hield, from Kingston to Cross Hills, England, dated October 24, 1933, Ex

EXHIBIT 757, Part 20: Letter from David Hield, Cross Hills, to Hield Brothers, Kingston, dated July 25, 1933.

EXHIBIT 757, Part 21: Letter from Hield Brothers, Kingston, to Cross Hills, England dated October 24, 1933.

BY MR. KELLOCK: Q. This letter from Hield Brothers, Kingston, dated October 24, 1933, Part 21 of Exhibit 757, says:

"In reply to your query as to what basis we are trying to sell on in Canada today.

The latest costings which we are working on are based on 36d tops, with commission spinning, giving the following results:

ROBT. BRYDIE
Chartered Accountant
TORONTO CANADA

5002 at $1.55 shows a loss of 25 cents
(15 oz) 2289 at $1.70 " " " 43 "
2082 at $1.85 " " " 67 "
2205 at $1.70 " a profit " 17 "
2196 at $1.95 " " " $2.49

The latter two cloths are based on a 36d top plus 8d for colour.

BY MR. KELLOCK: Q. The numbers on the left-hand side of that table represent, I take it, types of your cloths? A. Yes.

Q. What kinds of cloth are they? A. The first three are blue serges.

Q. And the other two? A. The other two are plain grey serges.

Q. No.5002, that is a blue serge? A. At $1.55.

Q. Is that $1.55 per piece? A. Per yard.

Q. And it shows a loss of 25 cents. A. Per piece.

Q. And No.2289 at $1.70 shows a loss of 43 cents per piece? A. Yes.

Q. And No.2082 at $1.85 -- A. Shows a loss of 67 cents per piece.

Q. And No.2205 at $1.70 shows a profit of 17 cents per piece ? A. Yes.

Q. And No.2196 at $1.95 shows a profit of $2.49 per piece ? A. Yes.

Q. And the note below says that the letter two cloths, 2205 and 2196, are based on a 36d top plus 8d for colour. The letter continues:

"But we are selling on the Association minimum which is:

13 ozs. $1.52½

BY THE COMMISSIONER: Q. Per piece?

BY MR. KELLOCK: Q. Per yard; is that right?

A. Right

2196	at	$1.95	" " " 98.45
2082	at	$1.85	" " " 67 "
2205	at	$1.70	" a profit " 17 "
2082	at	$1.85	" " " 67 "
2205	at	$1.70	" a profit " 17 "
2196	at	$1.95	" " " 98.45

BY MR. KNELOCK: Q. The numbers on the left-hand side of that table represent. I take it, types of your clothes? A. Yes.

Q. What kinds of cloth are they? A. The finer ones are blue serges.

Q. And the other two? A. The other two are plain grey worsted.

Q. So Exhibit 1 is a blue serge? A. It is $1.55.

Q. Is that $1.55 per piece? A. Per yard.

Q. And it shows a loss of 25 cents. A. Per piece.

Q. And No.2289 at $1.70 shows a loss of 43 cents per piece? A. Yes.

Q. And No.2082 at $1.85 -- A. Shows a loss of 67 cents per piece.

Q. And No.2205 at $1.70 shows a profit of 17 cents per piece? A. Yes.

Q. And No.2196 at $1.95 shows a profit of $8.45 per piece? A. Yes.

Q. [illegible] "But we are selling on the Association minimum which is:

13 ozs. $1.52½

BY MR. KNELOCK: Q. Per yard; is that right?

A. Right

Q. What would that be? A. No.5002.

Q. And it goes on:
"15 ozs. $1.72½

17 ozs. $1.87½"

The 17 ozs would be what ? A. No.2082.

Q. And No.2289 is the 15 ozs ? A. Yes.

MR. KELLOCK: The letter continues:

"And this is the basis that practically most of our recent sales have been booked on. As you know we have the right to take 3½ cents off these prices but in a great number of instances this has not been necessary."

BY MR. KELLOCK: Q. For the 13 ozs., the so-called Association minimum price of $1.52½, that was less than your cost of $1.55? A. Quite.

Q. And the selling price for the 15 ozs. of $1.72½ was only 2½ cents above your cost? A. Quite

Q. And the 17 ozs. at $1,87½ was 2½ cents above your cost? A. Yes.

Q. What does that last sentence refer to, reading "As you know we have the right to take 3½ cents off these prices." A. We were makers of plain cloths only, and I think we had some arrangement with other manufacturers that if necessary we could take 3½ cents less on these cloths.

Q. Was this arrangement you speak of with reference to 3½ cents part of the same arrangement for discussing prices with the other manufacturers? A. Yes.

Q. And in what circumstances were you to take off 3½ cents? A. I really could not say.

Q. I now show you a letter from Mr. Hield at Kingston addressed to Cross Hills, dated August 8, 1933, and on page 3, the last four paragraphs read as follows:

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO · CANADA

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"With further reference to my letter of July 26th re Cornwall Pants. A somewhat significant thing happened last week. Cornwall eventually sent through his confirmation of order at the old Association prices, which were:

2083	$1.57½
2082	$1.67½
2205	$1.55 "

Q. Would that be per yard? A. Yes.

Q. It goes on:

"And these are the prices which he told me over the telephone on July 26th that he was not able to accept and had placed else where, and I told him at the time that he could not even repeat these prices but if he cared to give me the order that day I would book same.

After this telephone conversation I naturally presumed that the matter was closed and finished with, and told him that I could not accept further business on this basis and was obliged to ask an advance, and I returned his order on $1.67½ basis to him and advised him that we would only accept at:

2083	$1.69
2082	$1.79
2205	$1.70

Since then I have had no reply, but will keep yo advised as to what happens as this is the firt real test case we have had working on the Association prices, but it is evident that he was unable to buy cheaper than the old Association's basis of price and therefore was forced to give us the business."

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO

[illegible] reference to my letter of [illegible]. I am sorry both he [illegible] personally [illegible] through his secretary [illegible] attention or order at the [illegible] prices, which were:

[illegible] $1.87½

[illegible] $1.87½

[illegible]

"Would that be per yard?" "Yes."

He [illegible] on:

"At times his prices would be half as [illegible] the telephone on only both that he was not able to accept and has placed [illegible] where, and I told him at the time that he could not even report these prices but if he [illegible] to give me the order that day I would book same.

[illegible] this telephone conversation I naturally presumed that the matter was closed and finished with, and told him that I could not accept [illegible] on this basis and was outlined to ask an advance, and I returned his order on $1.67½ basis to him and advised him that we would only accept at:

[illegible] $1.87

[illegible]

[illegible] $1.75

Since then I have had no reply, but will keep you advised as to what happens at the [illegible] first real test case we have had working on the [illegible] prices, but it is evident that he was unable to buy cheaper than the old [illegible]'s basis

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. That apparently speaks of a man who told your company that he could not purchase certain goods from you at certain prices, and then later on, within a few days, he wanted to buy those goods from you at those same prices? Is that how you read that? A. Quite so.

Q. Was that a situation that you frequently met with in the trade dealing w particularly with that period before you began to discuss prices with other mills? A. Yes, I think that was so.

Q. You would say that that is a good illustration? A. Quite.

Q. In practice, how were these prices which were discussed among the mills lived up to? A. I really could not say.

Q. You do not know that? A. No, I could not say.

BY THE COMMISSIONER: Q. Can the witness say how long they continued?

MR. KELLOCK: The letter dated December 1934 says that some time prior to that, so far as Hield Brothers are concerned, it had been discontinued, and the witness is not able to tell Your Lordship just when

(Page 10820 follows)

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. What apparently upsets of a man who told your company that he could not ... those certain goods from you at certain prices, and then later on, within a few days, be wanted to buy those goods from you at those same prices? Is that how you read that? A. Quite so.

Q. Was that a situation that you frequently met with in the trade dealing, a particularly with that period before you began to discuss prices with other mills? A. Yes, I think that was so.

Q. You would say that that is a good illustration? A. Quite.

Q. In practice, how were those prices which were discussed among the mills lived up to?

A. I really could not say.

Q. You do not know that? A. No, I could not say.

[illegible] A. Can [illegible] say how long they continued.

MR. KELLOCK: The letter dated December 1934 says that some time prior to that, so far as Mield Protheros are concerned, it had been discontinued. And the witness is not able to tell Your Lordship just when

(Page 10820 follows)

MR. McRUER: The next witness I think should be able to give a little more information on that.

MR. KELLOCK: Then the last letter I have is a letter which is already in - that is a letterfrom Mr. Hield at Kingston to Cross Hills, 29th January, 1934, and at the top of page 2 it says:

"It is quite certain that Downs cannot take all the business that is at present going in Canada and I do not think that he will continue selling on the crazy basis that he started on."

what does that refer to? A. I really don't know. I can only assume that he is referring to selling price basis.

Q. Yes, I would think so but do you know how crazy the price basis was? A. No, I could not remember.

RE-EXAMINATION BY MR. McRUER:

Q. Has your company made money since it came here? A. Well, I should say that we just about struck even.

Q. Have you been handed a questionnaire from the Accountant as to your business? A. I think we have filed that.

Q. You have had that? A. Yes, sir, I think so.

Q. And as far as your company is concerned, of course you seem to enjoy being free from this price association and felt that you would do better and keep your looms going better when you got through ith it?

MR. McNUGH: The next witness I think should be able to give a little more information on that.

MR. KELLOCH: Then the last letter I have is a letter which is already in - that is a letter from Mr. Wield at Kingston to Cross Mills, 25th January, 1934, and at the top of page 2 it says:

"It is quite certain that Dorns cannot take all the business that is at present going in Canada and I do not think that he will continue selling on the crazy basis that he started on."

What does that refer to? A. I really don't know. I can only assume that he is referring to selling price basis.

Q. Yes, I would think so but do you know how crazy the price basis was? A. No, I could not remember.

Q. Has your company made money since it came here?

A. Well, I should say that we just about struck even.

Q. Have you been handed a questionnaire from the Government as to your business? A. I think we have filed that.

Q. You have had that? A. Yes, sir, I think

ROBT. BRYCE
CHARTERED STENOGRAPHER
TORONTO - CANADA

A . Well, I think that is the natural situation, is not it?

Q. Well, I don't know whether natural one or not, but that appears to be the situation as far as you were concerned, that you thought you were going to do more business and better business when you got free of this price association? A. Well, that is a natural assumption to make.

. And then the next assumption that apparently we are entitled to make - tell me if you agree with me - and that is the reason you did not have your looms going full was because the prices of the price association were kept up too high? A. No, I think possibly the reason was the depression in Canada.

Q. No, but why would it be that you would say "Thank goodness we are free of this price association and now can do business and sell cloth at a price that people ~~th~~ will buy" -- what did the price association have to do with it, or do you know anything about it? A. Well, I did not make that statement.

Q. I want to deal first with Exhibit 761, because I was rather under the impression when I examined you --- Before I deal with that we will just get it accurately again what was being said by Mr. Hield on the 17th of December, 1934, page 4, bottom of the page, after giving more or less an account

ROBT. BRYCE
TORONTO CANADA

A. Well, I think that is the natural situation, is not it?

Q. Oh, I don't know whether natural one or not, but that appears to be the situation as far as you were concerned, that you thought you were going to do more business and better business when you got free of this price association? A. Well, that is a natural assumption to make.

And then the next assumption that apparently we are entitled to make - tell me if you agree with me - and that is the reason you did not have your looms going full was because the prices of the price association were kept up too high? A. No, I think possibly the reason was the depression in business.

Q. No, but why would it be that you would say "Thank goodness we are free of this price association and now can do business and sell cloth at a price that people will buy" -- what did the price association have to do with it, or do you know anything about it? A. Well, I did not make that statement.

Q. I want to deal first with Exhibit 78,

of what sales he had been making, he said: "On December 11th we had actual specifications for 1142 pieces. Since that date we have received actual specifications for 635 pieces. We are getting the mill on to maximum production as fast as we possibly can and this will be greatly accelerated when we receive the new warping mill which is coming in this week-end. The whole position looks healthy and full of life and I am positive that this is only caused by the fact that we have now brought in serges out to such a price that they come with the purchasing power of the mass. Thank Heaven we are out of the Association and can now keep our machinery fully employed."

THE COMMISSIONER: When Mr. Hield wrote that letter was he General Manager of the Mill?

THE WITNESS: He wasDirector, my lord.

Q. But you were the General Manager? A. Yes.

THE COMMISSIONER: Well, you ought to know something about it.

MR. McRUER: Q. When Mr. Hield wrote this he would be in a position of being very familiar with all the workings of the mill? A. Quite.

Q. And he was the man that was here from England to supervise this mill on behalf of the English Company? A. Well, he was in authority.

Q. You regarded him as in authority over you? A. Quite. He was a director of the company.

ROBT. BRYDIE
CHARTERED SHORTHAND REPORTER
TORONTO

"On December 11th we had actual specifications for 1182 pieces. Since that date we have received actual specifications for 855 pieces. We are pos... the mill on to maximum production so that as we possibly can and this will be greatly accelerated when we receive the new warping mill which is coming in this week-end. The whole position looks healthy and full of life and I am positive that this is only caused by the fact that we have now brought ... to such a price that they come with the ... are out of the association and can now keep our machinery fully employed."

THE COMMISSIONER: When Mr. Field wrote that letter was he General Manager of the Mills?

THE WITNESS: He was Director, my lord.

Q. But you were the General Manager? A. Yes.

THE COMMISSIONER: Well, you ought to know something about it.

... be in a position of being very familiar with all the workings of the mills? A. Quite.

Q. And he was the man that was here from England ... Company? A. Well, he was in authority.

Q. You regarded him as in authority over you? A. Quite. He was a director ...

Q. Now, the details that are set out here in this letter are quite extensive in respect to what they are selling and prices they are selling at, etc. that I think I shall have to just deal with a little bit in respect to Exhibit 761. Now, Exhibit 761 is a copy of a letter from Hallam to Mr. Hield and marked "Copy - Mr. J.G.Dodd," and it says:

"Attached is the memorandum discussed this morning. Points to be added are:

(1) No contracts to be taken without date of completion being stated. All contracts to be enforced as to original prices and deliveries.

(2) All sample yardage and yardage cut up for travellers samples to be charged for.

Method

(1) Each mill to write me a letter".....

That is to Mr. Hallam now. Would it be correct to say that Mr. Hallam acted as Secretary for this Price Association?

MR. KELLOCK: The witness says there was no price association.

MR. McRUER: Q. Do you say there was no price association?

THE COMMISSIONER: I do not think the witness really said that.

MR. McRUER: Do you say there was no price Association.

THE COMMISSIONER: That letter was read, where it

(1) Mr. Holman will write me a letter".....

That is to Mr. Holman now. Would it be correct

to say that Mr. Holman acted as secretary for this

Price Association?

MR. CHADWICK: The witness says there was no Price

Association.

MR. MORGAN: Q. Do you say there was no Price

Association?

THE COURT REPORTER: I do not think the witness has

said that.

MR. MORGAN: Do you say there was no Price

Association?

said, "Thank heaven we are out of the association," and he said that meant this group which got together about prices.

MR. McRUER: Q. Do you say there was not a price association? A. I did not say so.

Q. In fact I think you will agree there was a price association? A. Depends how you define "association".

Q. What did you call this group that got together on prices, in your own words? A. Oh, price group.

THE COMMISSIONER: Does not make a bit of difference what you call it.

MR. McRUER: Mr. Kellock is afraid of what you call it. We will call it the price group. The method of this is as follows:

"(1) Each mill to write me a letter signed by the responsible head of the mill stating what they propose to do. A draft of this letter to be provided."

I should like to know if your mill wrote Mr. Hallam a letter and if there was a draft provided for you to follow - can you tell me that? A. I could not answer that.

Q. Mr. Hallam ought to have your letter some place, should not he, if it did come in? In fact, he ought to have a copy of this, I should think? A. I really don't know.

Q."(2) I am to look to this man to see that

ROBT. BRYDGE
TORONTO

his undertaking is carried out in the spirit of the letter."

So that evidently it was contemplated that there should be an undertaking given, was it not? A. I don't remember that. It reads like that.

". "(3) In case reports are made and I am not satisfied with information I obtain I have the right to examine all records or to have my accountant examine them for me."

Now, that seems like a pretty definite and drastic sort of remedy that was being turned over to Douglas Hallam at Toronto. Why was that being done, do you know? A. I cannot say.

Q. You do not know why it was being done? A. No.

Q. Well, is not it obvious that if people sold below price and there was complaints and he was not satisfied that they were honest complaints honestly explained, that he could send in an auditor to see what they are doing---

THE COMMISSIONER: Well, that is what the letter says, of course.

MR. McRUER: "(4) Undertakings may be cancelled by any mill on 7 days (or whatever period is considered advisable) notice in writing before quoting lower prices; provided that such mill will attend a meeting to be called immediately."

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO

Now, do you know if that was carried out - if someone wanted to quote lower prices they would give notice and then there would be a meeting called to discuss it? A. I could not say.

Q. "(5) Meetings to be called at the request of any mill and meetings to be held at least every fortnight."

Now, the memo attached to this letter is rather informative:

"All prices F.O.B. Mill. If contracts are quoted other than F.O.B. Mill, freight will be added to price. Terms 2% 10 days first following. There will be no use of rebates, bonuses, credit notes etc., which will in effect reduce these prices. Weights given are in Canadian condition."

THE COMMISSIONER: That is point covered that I mentioned awhile ago. It is the first time I heard it-- "All prices F.O.B. Mill."

MR. McRUER: Yes, it is definite.

"(1) Blue serge, any construction:

Two fold warp and filling.

Tolerance ½ oz. each way.

56 inch. yard."

Q. Now, is that a type of cloth you manufacture? A. Yes.

"Not over 60's," - Now, the specifications are given right across the page. 12 to 12½ will

Now, do you know if that was carried out - if someone wanted to quote lower prices they would give notice when there would be a meeting called to discuss it? I would see them.

6. "(6) Provision to be called at the request of any full meeting is to be held at least every fortnight."

Now, the memo attached to this letter is rather informative:

"All prices F.O.B. Mill. If conditions are changed to price. Terms 2% 10 days first following. There will be no use of rebates, bonuses, credit notes etc., which will in effect reduce these prices. Prices given are in confidence condition."

THE COMMISSIONER: That is point covered that I mentioned awhile ago. It is the first time I heard it - "All prices F.O.B. Mill."

MR. LEWIN: Yes, it is definite.

Two fold warp and filling.

Yes.

Now, is that a type of cloth you manufacture?

Yes.

Now, the specifications

be ounces, won't they? A. Quite.

Q. "Not over 60. No. 60's to be made in 14 oz. or over for general trade. Not over 64's," and then we have opposite them the prices.

"12/12½, $1.35, 13½/14, $1.40

15 1.52½ 15½ 1.57½

16 1.60 17 1.67½

18 1.75 19 1.85."

And then it goes on with other specifications, setting out the details of the weight and texture of the cloth and the prices set out - that is correct? Now, by looking at that you could identify the category into which any cost you were manufacturing should come? A. Yes.

Q. Now, then, I want to go back to your letter of September 17th, 1934, and see what ---

THE COMMISSIONER: Is that Mr. Grimshaw's own letter?

MR. McRUER: No, still the Hield letter that expresses joy that they are out of the association. It deals with certain prices that they are quoting.

THE COMMISSIONER: In that case they would have been in the Association probably a year?

MR. McRUER: From June 1933 up until not later than December, 1934, at any rate. It does not appear to be clear when they left.

Q. Now, there is one other phrase here:

""I tried to get our 2082 at $1.50 into the

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Miller Clothing Co. against Barrymore's, and after he had a sample piece he said he would rather pay Barrymore's 10¢ more per yard than run our cloth."

Now, which category would your 2082 come in - what was it? A. The 17 oz.

Q. Now, the list price under this agreement in June 9th, 1933, for the 17 oz. was $1.67½ - that is correct? A. Yes.

Q. Now, Mr. Kellock has brought out ---

MR. KELLOCK: You are assuming - that is only a suggestion - that document you hold in your hand is only a draft. The letter says so.

MR. McRUER: Does not say anything of the kind.

MR. KELLOCK: Well, read it.

MR. McRUER: "Attached is the memorandum discussed this morning. Points to be added are:" And they ask for a letter to be signed that this undertaking will be fulfilled. We will find out from Mr. Dodd if those were agreed on.

MR. KELLOCK: All right.

MR. McRUER: Q. Do you know whether those were the prices? A. I don't know.

Q. You are the General Manager. Would not you have records in your office which would tell what were the association prices, and the prices you were selling at at different times? A. No, presumably no, or Mr. Walton would have found them.

run our cloth."

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now, unless a tragedy would [illegible] - that was

[illegible]

Now, the list price under this agreement in

June 4th, 1923, for the 17 oz. was $1.07½ - that is

10 [illegible]

Now, Mr. Hallock has brought out ---

MR. HALLOCK: You are reading - that is only a

suggestion - that document you have in your hand is only

15 a draft. The letter says so.

MR. MORTON: Does not say anything of the kind.

MR. HALLOCK: Well, read it.

MR. MORTON: "Attached is the memorandum discussed

this morning. Points to be added are:" And they ask

20 for a letter to be signed that this undertaking will

be fulfilled. He will find out from Mr. Dodd if

those were agreed on.

MR. HALLOCK: All right.

25 MR. MORTON: Q. Do you know whether those were the

[illegible]

Q. You are the General Manager. Could not you have

records in your office which would tell what were the

30 [illegible]

[illegible]

Q. Mr. Walton had to find pretty much what was given to him? A. Well, Mr. Hield attended to all this association work and he had his own private file.

Q. He had a private file in which he put the Association business? A. I assume so.

Q. Why are you assuming so or are you saying No? A. I know there was a private file. What he had in that private file I could not say.

Q. Well, at any rate, coming back to this cloth 2082 that you are trying to get into Miller's at $1.50 in December 1934, the Association price in June, according to this Exhibit 761, was $1.67½.

MR. KELLOCK: Yes, that is June 1933.

MR. McRUER: Yes, absolutely and my friend showed that the price of wool had reached its peak in January 1934.m Now, what was the difference in the price of wool in June 1933 and in December 17th 1934. Where is that graph? Could we have a look at it? (Graph handed to Mr. McRuer). Now, where are we? June, 1933, that is the correct point there?

A. 33d.

Q. Now then, in December 1934 they are how much?

A. 22.6 or 27.

Q. 26, that is a drop of 9d? A. 8d.

Q. A drop of 8d in the tops? A. Yes.

Q. Now, you quote them in pounds? A. Yes.

Q. How many pounds of tops does it take to make a yard of this cloth. It is a 17-oz cloth. How

ROBT. ERVINE
Official Reporter
TORONTO

many pounds does it take to make a yard? A. Well, slightly over 17 oz.

Q. In tops? A. Yes, 17 oz. plus probably 10%.

Q. Well, that wouldbe about 10d of a drop. Well, do you know what the association price was on the same cloth at that time? A. No, I have not the faintest idea.

Q. Well, we can probably get that from some other place. I think probably it might be useful to have this graph filed. It has been referred to two or three times.

MR. DODD: Can we ask for it again if we want it? However, I am quite willing for it to be filed.

MR.McRUER: Well, if it is in here you may not be able to readily get it back.

MR. DODD: I don't want it back, I want to look at it.

MR. McRUER: That is all right.

EXHIBIT 762: Graph dated 23rd January, 1936, showing wool top prices, yarns, etc.

Q. Now, referring to a letter dated August 8th, 1933, which is part of Exhibit 757, the paragraph Mr. Kellock referred to is this: "We have further reference to my letter of July 26th re Cornwall Pants". What is that referring to? A. Cornwall Pants are a firm of clothing manufacturers in Cornwall.

Q. "A somewhat significant thing happened last week, Cornwall eventually sent through his confirmation of order at the old Association prices which

MR. DODD: I don't want it back, I want to look at it.

MR. MORRIS: That is all right.

Mr. Kellock referred to is [illegible] "A somewhat significant [illegible] letter of July 26th to Cornwall Pantechnicon [illegible] Cornwall Pants are a firm of clothing manufacturers in Cornwall."

Q. In 1952? A. Yes, I'm sorry, I'm [illegible] don't know what the association Price was on this cloth at that time?

A. No, I have not the [illegible].

Q. Well, we can probably get that from some other place. I think probably it might be useful to have this graph filed. It has been referred to two or three times.

MR. DODD: When we ask for it again if we want it. However, I am quite willing for it to be filed.

MR. MORRIS: Well, if it is in here you may not be able to readily get it back.

MR. DODD: I don't want it back, I want to look at it.

MR. MORRIS: That is all right.

[illegible]: [illegible] showing wool top prices, yarns, etc.

Mr. Kellock referred to is [illegible] 1952, which is part of exhibit 737, the paragraph

[illegible] letter of July 26th to Cornwall Pantechnicon [illegible] are a firm of clothing manufacturers in Cornwall.

Q. "A somewhat significant [illegible] letter

Q. In 1952? A. Yes, I'm sorry, I'm [illegible]

do you know what the association Price was on this cloth at that time?

A. No, I have not the [illegible].

Q. Well, we can probably get that from some other place. I think probably it might be useful to have this graph filed. It has been referred to two or three times.

MR. DODD: When we ask for it again if we want it. However, I am quite willing for it to be filed.

MR. MORRIS: Well, if it is in here you may not be able to readily get it back.

MR. DODD: I don't want it back, I want to look at it.

MR. MORRIS: That is all right.

[illegible]: [illegible] showing wool top prices, yarns, etc.

Mr. Kellock referred to is [illegible] 1952, which is part of exhibit 737, the paragraph

[illegible] letter of July 26th to Cornwall Pantechnicon [illegible] are a firm of clothing manufacturers in Cornwall.

Q. "A somewhat significant [illegible]

Q. In 1952? A. Yes, I'm sorry, I'm [illegible]

do you know what the association Price was on this cloth at that time?

A. No, I have not the [illegible].

Q. Well, we can probably get that from some other place. I think probably it might be useful to have this graph filed. It has been referred to two or three times.

MR. DODD: When we ask for it again if we want it. However, I am quite willing for it to be filed.

MR. MORRIS: Well, if it is in here you may not be able to readily get it back.

MR. DODD: I don't want it back, I want to look at it.

MR. MORRIS: That is all right.

[illegible]: [illegible] showing wool top prices, yarns, etc.

Mr. Kellock referred to is [illegible] 1952, which is part of exhibit 737, the paragraph

[illegible] letter of July 26th to Cornwall Pantechnicon [illegible] are a firm of clothing manufacturers in Cornwall.

Q. "A somewhat significant [illegible]

were:

2083	$1.57½
2082	1.67½
2205	1.55"

THE COMMISSIONER: Does that mean that the Cornwall people ordered on a higher price level than was then existing?

MR. McRUER: No, I think what it means they ordered on a lower one. It was the old association prices.

THE COMMISSIONER: They were lower than the ones prevailing.

MR. McRUER: The letter was written on the 8th of August, 1933. This letter of June 9th, 1933, which sends out their schedule of prices sets out these prices which are quoted as the old Association prices.

MR. KELLOCK: The point there was when they were cancelled on the old prices they said they had bought when they evidently had not.

MR. McRUER: The point I am coming at, after having established price list of June, 1933, they raised it sometime between then and August 8th, 1933, and I am coming to what they raised it to.

"And these are the prices which he told me over the telephone on July 26th that he was not able to accept and had placed elsewhere, and I told him at the time that he could not even repeat these prices but if he cared to give me the order that day I would book same.

After this telephone conversation I naturally

presumed that the matter was closed and finished with and told him that I could not accept further business on this basis and was obliged to ask an advance, and I returned his order on $1.67\frac{1}{2}$ basis to him and advised him that we would only accept at:

2083 $1.69."

Now, the price that had previously been quoted as the old Association price for 2083 was $1.57\frac{1}{2}$, so that there had been an increase there apparently of $11\frac{1}{2}$ cents a yard, that is correct? A. Yes.

Q. "2082, $1.79," and the old price was $1.67\frac{1}{2}$, so there was an increase there again of $11\frac{1}{2}$ cents a yard.

THE COMMISSIONER: Do I understand you to use term "Old Association price"?

MR. McRUER: Yes.

THE COMMISSIONER: Then there was either two associations for the prices of the Association were changed. The Association we have been talking about is one that Mr. Hallam's letter sets out and that is June 9th, 1933, and then the Thanksgiving letter of Mr. Hield's getting out of it is December 13th, 1934. The letter you referred to is August 1933, right after Mr. Hallam's letter - well, two months after Mr.Hallam's letter setting out the prices. Now, if this has reference to prices of a former Association there must have been two.

MR. McRUER: Q. This I take it, Mr.Grimshaw --

presumed that the matter was closed and finis
with and told him that I could not accept
further business on this basis and was obliged
to ask an advance, and I returned his order on
$1.07½ basis to him and advised him that we
only accept at:

8085 $1.65."

now, the price that had previously been quoted as t
had been an increase there already of 11½ cents a
yard, that is correct? A. Yes.

Q. "8085, $1.79," and the old price was $1.67½,
so there was an increase there again of 11½ cents a

THE COMMISSIONER: Do I understand you to use
term "old association price"?

MR. MORDEN: Yes.

THE COMMISSIONER: Then there was either two
associations for the prices of the Association were
changed.

June 9th, 1933, and then the Thanksgiving letter of
Mr. Hield's getting out of it is December 13th, 1934.
the letter you referred to is August 1933, right after
Mr. Hallam's letter - well, two months after Mr. Hall
letter setting out the prices. Now, if this has
reference to prices of a former Association there
have been two.

MR. MORDEN: Q. This I take it,

correct me if I am wrong, that when you refer to the oldAssociation prices you referred to the prices that the Association had had prior to some increase that took place? A. The old prices.

THE COMMISSIONER: That must mean then, the prices prior to Mr. Hallam's letter of June 9th.

MR. McRUER: No, these are prices mentioned in Mr. Hallam's letter but there was a change between then and August.

Q. That is correct? A. Yes.

Q. So that between June 9th and August 8th the prices on these three articles had been increased by 11½ cents.

THE COMMISSIONER: That is, association or group prices.

MR. McRUER: Association or group prices - that is what we are talking about? A.That is right.

Q? 11½ cents, 11⅝ cents and 15 cents respectively? A. Yes.

Q. And Mr. Hield says in this letter:

"After this telephone conversation I naturally presumed that the matter was closed and finished with and told him that I could not accept further business on this basis and was obliged to ask an advance, and I returned his order on $1.67½ basis to him and advised him that we would only accept at:

2083	$1.69
2082	1.79
2205	1.70

correct me if I am wrong, that when you refer to the old Association prices you referred to the prices that the Association had had prior to some increase that took place?

A. The old prices.

THE COURT MARTIN: That must mean then, the prices prior to Mr. Mallen's letter of June 9th.

MR. MORTON: No, those are prices mentioned in Mr. Mallen's letter but there was a change between then and August.

Q. That is correct? A. Yes.

[illegible] prices on those three articles had been increased by 11½ cents.

THE COMMISSIONER: That is, association or group [illegible] MR. MORTON: Association or group prices - that is what we are talking about? A. That is right.

[illegible]

Q. And Mr. Lisid says in this letter:

"After this telephone conversation I naturally presumed that the matter was closed and finished with and told him that I could not accept [illegible] to ask an advance, and I returned his order on $1.67½ basis to him and advised him that we would only accept it:

2065	$1.69
2066	1.75
2805	1.70

"Since then I have had no reply, but will keep you advised as to what happens as this is the first real test case we have had working on the Association prices, but it is evident that he was unable to buy cheaper than the old Associations basis of price and, therefore, was forced to give us the business."

Now, what does that last paragraph mean? A. Well, on the face of it it looks as thought the story he told about being able to place business was not true, to place the business at the old prices, and when we declined his order he came along at the advanced prices, ~~with~~ which proved to us that the statement he made was probably not correct.

Q. That is, that he had claimed to you that he could book at the old price list.

MR. KELLOCK: That he had booked.

MR. McRUER: Q. That he had booked at the old price list and the letter says - well, it is quite evident that he was not able to do that? A. It reads like that.

Q. And then came along to you and willing to book at the new price list? A. That is what I take from the letter.

--

--

"since then I have had no reply, but will you
advise me as to what happens as this is the
first real test case we have had working on the
Association prices, but it is evident that no
one was unable to buy cheaper than the old Association
basis of price was, therefore, was forced to give
us the business."

Now, what does that last paragraph mean? A. Well,
on the face of it it looks as though the story he
told about being able to place business was not true,
to place the business at the old prices, and when we
declined his order he came along at the advanced
prices, which proved to us that the statement he
made was probably not correct.

Q. That is, that he had claimed to you that he
could book at the old price list.

MR. ERICSON: That he had booked.

MR. DONOVAN: Q. That he had booked at the old prices
list and the letter says - well, it is quite evident
that he was not able to do that? A. It reads
like that.

Q. And then came along to you and willing to book
at the new price list? A. That is what I
take from the letter.

Q. Well, my friend suggested to you that it was only a small group that was in this price group , as it is desired we should call it, but in this Association, and you gave us a list of some you could remember, Dominion Woollens and Worsteds, Patons, Duponts, Hields and Barrymore. Now, tell us any that were out of it? A. Downs Coulter, Leach.

Q. Where does Leach do business ? A. Huntingdon.

Q. How many looms has he got.

THE COMMISSIONER: Wasn't Leach mentioned in that telegram that Mr. Hield set out in the letter from him, Mr. Hield, which was filed at Toronto.

MR.McRUER: Yes, Leach's name was mentioned this morning.

THE COMMISSIONER: No, mentioned in Toronto, in the letter you filed from Mr. Hield.

MR. McRUER: Yes; will you get that at the interval Mr. Rene.

THE COMMISSIONER: I think he makes his increases conditional on Leach advancing his prices, or something like that.

MR. McRUER: He is mentioned in a telegram here that is filed as part of Exhibit 757, the first part that I referred to yesterday. It is from Evans to Dodds.

"SAW MR. HIELD THIS MORNING STOP HE SAILS SATURDAY STOP COULD YOU ARRANGE DIRECT OR THROUGH HALLAM FOR A MEETING IN MONTREAL THURSDAY OR FRIDAY THIS WEEK TO MAKE SOME DEFINITE ARRANGEMENTS

STOP ALL MILLS SHOULD BE REPRESENTED AND THOSE ATTENDING SHOULD POSSESS AUTHORITY TO AGREE TO PRICES AND OTHER DECISIONS ARRIVED AT PLEASE WIRE REPLY AS EARLY AS POISSIBLE THIS AFTERNOON "

THE COMMISSIONER: That is not the one. In Toronto you filed a letter setting out the telegram in which he agreed to advance his prices providing Leach does.

MR. BERRY: Downs Coulter, my lord, he refers to Downs Coulter.

MR.McRUER: It is filed in Toronto.

THE COMMISSIONER: I say it is filed in Toronto. It is a letter setting out a telegram. It is a letter containing a telegram.

MR. McRUER: Yes, I know what your lordship refers to.

THE COMMISSIONER: I mention it because you were talking of Mr.Leach and that telegram brings Mr. Leach's name into it. It was in connection with Mr. Hield.

MR. McRUER: This is a telegram I have, my lord, and it says:

"HIELD IS WILLING TO AGREE TO MINIMUM PRICES BUT NOT NECESSARILY THOSE PRICES AS LAID DOWN IN FORMER MEMORANDUM NO DOUBT A DEFINITE BASIS CAN BE ESTABLISHED AT ONCE AS A FOUNDATION IF ALL COME TOGETHER DETERMINED TO ACCOMPLISH SOMETHING IF POSSIBLE NATIONAL TEXTILE AND LEACH SHOULD COME IN AS WELL."

ROSS, BRYDIE

Lorne to you filed a letter setting out two telegrams
in which he agreed to advance his prices providing
Leach does.

Mr. Leach: It is filed in London.

THE CHAIRMAN: I beg it is filed in Toronto.
It is a letter setting out a telegram. It is a letter
containing a telegram.

Mr. Leach: Yes, I know what your Lordship re-
fers to.

THE CHAIRMAN: I mention it because you were
talking of Mr. Leach and that telegram brings Mr.
Leach's name into it. It was in connection with Mr.

Mr. Morgan: This is a telegram I have, my Lord,
and it says:

"HAVE IN HOLDING TO ACCEPT TO MINIMUM PRICES
IN POSSIBLE MEMORANDUM NO TOUCH A CONTRACT DA IS

THE COMMISSIONER: As I say, you will find the telegram in the letter. Do you remember where Mr. Hield wrote he would agree to certain things but he might have to go back on them after he got instructions from his home office.

MR. McRUER: Yes, I remember very definitely.

THE COMMISSIONER: In that same letter a copy of the telegram is set out, and he agreed to it if Leach would advance his prices.

MR. McRUER: Probably if we could have our usual intermission at this moment we will be able to find it.

THE COMMISSIONER: All right; the letter is from Hield to Hallam.

-- The Commission adjourned for a short recess.

-- On resuming after recess.

MR.McRUER: The Exhibit your lordship was referring to is Exhibit No.575 which reads in part as follows:

> "With reference to stabilizing the prices of grey mixture serges.
>
> "I was very sorry that I was unable to attend the latter part of the meeting last Friday owing to a previous very important engagement, but before leaving the meeting I had intimated to those present that I would be willing to enter some form of co-operation on the prices we would quote on the grey mixtures, but I did not have an opportunity of stating what I considered should be the minimum price."

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

"I want you to realize the difficulty of my position. Where any definite alteration of policy is concerned you will readily realize that although I am the Resident Managing Director of Hield Brothers, Kingston, I am nevertheless a servant of a public company and any drastic alteration of an already laid-down policy must be referred to Head Office.

"I am extremely keen to work in with other Canadian manufacturers and I do feel that at most of the meetings we have held, that I have given the impression of not wanting to work 'hand and glove' with the others.

"I can assure you that this is very far from my thoughts indeed, and on my own responsibility witho t referring the matter to England I have agreed to enter onto a price proposition in the mixtures. You will understand th t I will have to report this to my Head Office and they may instruct me to withdraw my agreement, in which case I shall have no opiton but to do so.

"I herewith confirm my wire of yesterday's date reading as follows:

"IF DOMINION AND DUPONT WILL ADVANCE PRICES WOOLLEN WEFT GREY SERGE TO 1.45 AND RENFREW WOOLLENS AND LEACH ADVANCE THEIR CLOTHS TO 1.45 AM PREPARED AGREE PRICES TELEPHONED SUBJECT NO OTHER CLOTHS COMING ON MARKET"

"Incidentally for your information I might

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO · CANADA

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state that I have been informed that Renfrew and Le ch are asking and getting $1.30 for their 13/14 oz. , but in instances have booked business at $1.25.

"Also I want to put on record that I do not agree with the minimum price, much as I should like to be able to sell my 60's quality 15/16 oz. at $1.65. I think with bad trading conditions such as we are faced with today, these prices are too high and I think it should be $1.60.

"With regard to 13/14 oz. 60's quality, $1.45 price is reasonabl.e

"As a 64's quality up to 16/17 ozs. does not affect me I shall refrain from comment on these. There again they are higher than I think they should be with present-day-conditions.

"When we come to the 17/18 ozs. 64's quality, the price of $1.90 seems reasonable, but the sale is so small as far as we are concerned that even if it was put up to $2.00 I would be in agreement on that price."

THE COMMISSIONER: You will notice, Mr. McRuer, that letter is away back in February, 1933 and Mr. Hallam's letter about prices was June 9th, 1933. I am just wondering whether the old Association prices referred to were not prior --

MR.McRUER: No, the old Association prices are set out in that letter, my lord, and they are the prices that are in the memorandum appended to Mr.

ROBT. BRYDIE

CHARTERED STOCK BROKER

TORONTO - CANADA

Hallam's letter of June 9th, 1933.

THE COMMISSIONER: Those are the old ones.

MR. McRUER: They compare the old prices with those that are now, and I propose to see if you can assist me in comparing the prices that are quoted in Mr. Hield's letter with the prices that are set out Mr. Hallam's letter of June 9th, 1933.

MR. KELLOCK: What is the date of the Hield letter you are referring to ?

MR.McRUER: February 15th, 1933.

THE COMMISSIONER: The one you just read.

MR.McRUER: Yes, my lord. The first article that is referred to is that Renfrew and Leach are asking $1.30 for their 13/14 oz., but in instances have booked business at $1.25. Now, this 13/14 oz. mentioned in this letter, Exhibit 761, that would be comparable to the one that is mentioned there ? A. I don't think there is one there, Mr. McRuer.

Q. There isn't ? A. I think they are referring there to grey serges .

Q. To grey, and these are blue, Oh, I see. Well, have we got any grey -- Oh, yes, that may explain a whole lot. This Exhibit 761 just deals with blue serges ? A. Presumably.

Q. So there may have been an earlier price arrangement on the grey serge which is referred to in the letter of February 15th, Exhibit 575 ? A. I could not say about that.

Q. Well, we will see if he refers to any of his blues in this. Do you know if any of these are blues?

William's letter of June 4th, 1938.

THE COMMISSIONER: Those are the old ones.

MR. MORDEN: They compare the old prices with those that are now, and I propose to see if you can assist me in comparing the prices that are quoted in Mr. Heald's letter with the prices that are set out Mr. Bellam's letter of June 4th, 1938.

MR. MORDEN: What is the date of the Heald letter you are referring to ?

[illegible] February 15th, 1939.

THE COMMISSIONER: The one you just read.

MR. MORDEN: Yes, my Lord. The first article that is referred to is that Monfrew and Lesoh are asking $1.80 for their 12/14 oz., but in instances have tioned in t is letter, Exhibit 781, that would be comparable to the one that is mentioned there ? A. I don't think there is one there, Mr. Morden.

Q. There isn't ? A. I think they are referring there to grey serges .

Q. To grey, and these are blue, Oh, I see. Well, have we got any grey -- Oh, yes, that may explain a whole lot. This Exhibit 781 just deals with blue serges ? A. Presumably.

Q. So there may have been an earlier price ar- [illegible] Letter of February 15th, Exhibit 575 ? A. I would not say about that.

Q. Well, we will see if he refers to any of his prices in this. Do you know if any of these are Bluey

Read them over ? A. These are blues.

Q. Which are blues ? The paragraph that reads "much as I should like to be able to sell my 60's quality 15/16 oz. at $1.65. I think with bad trading conditions such as we are faced with today, these prices are too high and I think it should be $1.60." That is a blue? A. Yes.

Q. Now, which is the blue referred to in Exhibit 761, 60's quality 15/16 oz. ? A. That is the one -- no, no 60's; there were no prices quoted.

Q. I see, there is no price quoted in this for 60's quality so we cannot make a comparison there. Well, I want to refer you to the letter of October 24th, 1933, part of Exhibit 757, which my friend put in and in which some statements were made in respect to certain prices and the loss and profit at which you were selling them at . Do these prices set out here refer to pieces or yards ? A. These are per yard. These are per piece.

Q. This price, for instance,on the first one of $1.55 shows a loss of 25 cents. That means 25 cents a piece, not 25 cents a yard ? A. No.

MR. KELLOCK: I made that clear.

BY MR. McRUER: And the $1.95 shows a profit of $2.49 a piece.

THE COMMISSIONER: Pardon me, how much is a piece ?

BY MR. McRUER: Q. How many yards in a piece ? A. Approximately 64 yards, my lord.

Q. Now, you go on to say "But we are selling

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Q. Which are these ? A. These are blues.

Q. Which are blues ? A. The pieces that reads "much as I should like to be able to sell my 6's quality 16.16 oz. at $1.85. I think with bad trading conditions such as we are faced with today, these prices are too high and I think it should be $1.80." What is a blue? A. Yes.

Q. Now, which is the blue referred to in Exhibit 781, 6's quality 16/16 oz. ? A. That is the one -- no, no 6's; there were no prices quoted.

Q. I see, there is no price quoted in this for 6's quality so we cannot make a comparison there.

Well, I want to refer you to the letter of October 26th, 1938, part of Exhibit 787, which my friend put in and in which some statements were made in respect to certain prices and the loss and profit at which you were selling them at. Do these prices set out here refer to pieces or yards ? A. These are per yard. These are per piece.

Q. This price, for instance, on the first one of $1.35 shows a loss of 25 cents. That means 25 cents a piece, not 25 cents a yard ? A. No.

MR. GILLIS: I made that clear.

BY MR. CONNOR: And the $1.95 shows a profit of $1.45 a piece.

THE COMMISSIONER: Perhaps me, how much is a piece ?

BY MR. MCNEIL: Q. How many yards in a piece ?

A. Approximately 64 yards, my lord.

Q. Now, you do not say "But we are selling

on the Association Minimum which is 13 ozs. $1.52½, 15 ozs. $1.72½ and 17 ozs. $1.87½", Now, I want to compare those with the prices set out in Mr.Hallam's letter, Exhibit 761. The 13 ozs. is set out at what price ? A. $1.40.

Q. $1.40; so there had been -- between June and October, the price had been increased to $1.52½. The 15 oz. is what in June -- it is $1.52½ and it is mentioned in October as $1.72½, which is an increase of 20 cents a yard. The 17 oz. in June was how much -- $1.67½ and it became $1.87½ in October. So that there were two,apparently two increases in the Association's Minimum prices in these fabrics between June 9th and Octobe r 24th, 1933 ? A. Presumably.

Q. The first one we had was about 11½ cents and now it is up to about 20 cents ? A. Yes.

Q. Well now, I see in this letter of July 25th, 1933 which my friend filed as part of Exhibit - the big exhibit.

ASSISTANT SECR TARY RENE: 757.

THE COMMISSIONER: That is one from Cross Hills to Kingston.

MR.McRUER: Yes, my lord.

THE COMMISSIONER: There are two of the same date from the same person.

MR. McRUER: Yes, my lord. "If you book orders at the advanced prices and delivery of these goods were wanted you would certainly give precedence to those orders and let the customers wait

for delivery of the goods booked at lower prices.

"The very fact that you have so many goods on order at low prices is to my mind the reason why you should make every effort to book new orders at betterprices and if there are delays in the delivery of the old orders, well, there are delays, and they cannot be helped."

The idea there apparently was you should give precedence to the orders at the higher prices ? A.The letter reads like that.

Q. And there evidently was an increase in the prices about this time. A. Undoubtedly.

Q. Because you had some orders booked at the low prices. All right, thanks, that is all.

BY MR. KELLOCK: Q. Just a minute, Mr.Grimshaw, my friend was asking you as to the mills which were not discussing --

THE COMMISSIONER: As to what ?

BY MR. KELLOCK: Q. As to the mills which were not discussing prices with this group; Mr.Grimshaw, you mentioned Leach and Downs Coulter; are there any others? A. National Textile, and there may have been others but I cannot --

Q. Renfrew ? A. Renfrew, no.

Q. That is, Renfrew were not parties to the discussions ? A. As far as I can remember.

Page 10845 follows

Q. Then referring to this letter of December 17, 1934, the second last paragraph of which says - it is a letter from Mr. Hield to D. H. Hield, Cross Hills -- "the whole position looks healthy and full of life, and I am positive that this is only caused by the fact that we have now brought serges out to such a price that they come within the purchasing power of themass," my friend was suggesting to you that that was due entirely to the withdrawal of your firm from any discussions. Do you agree to that suggestion? A. I could not put a proper interpretation on that phrase.

Q. Referring to Exhibit 761, which is Mr. Hallam's letter of June 9, 1933, under the heading of "method" in paragraph 3 he refers to his right to have your records examined by an accountant. Did an accountant ever examine your records under any such arrangement as that ? A. Not to my knowledge.

MR. McRUER: That was only if he broke the agreement.

BY MR. KELLOCK: Q. Does your company make other kinds of cloth than are mentioned in this exhibit 761 ? A. Yes.

Q. Many other kinds ? A. Not very many kinds.

Q. A number of other kinds?

MR. McRUER: He said not very many.

MR. KELLOCK: I know he did.

BY MR. KELLOCK: Q. How many would you say? A. I would say two or three.

Q. What kinds would they be? A. They would be worsteds, fancy worsteds.

MR. McRUER: They are mentioned on the last page.

MR. KELLOCK: I know they are.

BY MR. KELLOCK: Q. The two or three that you refer to, are they in addition to the fancy dyes

mentioned on page two of this exhibit? A. I meant fanc, yarn dyes.

Q. They are not mentioned here at all?

A. No.

Q. Are there any other blue or grey serges which you make which are not mentioned here?

A. Yes, we have one cloth of a heavier weight.

Q. Which is not mentioned in this at all?

A. No, it is in the blue serge.

MR. KELLOCK: Thank you.

BY MR. McRUER: Q. In regard to the mills which are out of the Association can you tell me what proportion of the looms manufacturing these cloths would be in the Association? A. I have not the faintest idea.

Q. How many looms do you have in your mill?

A. Now we have 150.

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J. G. DODD, Sworn

EXAMINED BY MR. McRUER.

Q. Mr. Dodd, you are connected with the Paton Manufacturing Company Limited, Sherbrooke?

A. Yes, sir.

Q. In what capacity? A. Sales Manager.

Q. Have they their head office in Montreal?

A. Yes, sir.

BY THE COMMISSIONER: Q. You are the Sales Manager, and this company has its plant at Sherbrooke? A. Yes.

MR. McRUER: The plant is at Sherbrooke and the head office is at Montreal.

BY MR. McRUER: Q. You are also Sales Manager for Dominion Textile Company? A. Yes, sir.

Q. Do you hold an executive position in the Paton Manufacturing Company? A. Yes, as Vice President.

Q. Are you also a director of Dominion Textiles? A. Yes, sir.

ROBT. BRYDIE
CHARTERED STENOGRAPHER
REPORTER
TORONTO - CANADA

mentioned on page two of this exhibit? A. I meant four yarn dyes.

Q. They are not mentioned here at all?

A. No.

Q. Is there any other item or part or material you make which are not mentioned here?

A. Yes, we have one cloth of a heavier weight.

Q. Which is not mentioned in this at all?

A. No, it is in the blue serge.

Mr. KELLOCK: Thank you.

BY Mr. MORTON: Q. In regard to the mills which are out of use, possibly you can tell me what proportion of the looms manufacturing these cloths would be in the Dominions? A. I have not the statistics.

Q. How many looms do you have in your mills?

A. Now we have 180.

- - - - - - - -

J. C. DILL, Sworn

EXAMINED BY Mr. MORTON:

Q. Mr. Dill, you are connected with the Penmans Canada Company Limited, Montreal?

A. Yes, sir.

Q. Is that correct? A. Yes, Lachine.

Q. Have they their head office in Montreal?

A. Yes, sir.

BY THE COMMISSIONER: Q. You are the Sales Manager, and this company has its plant at Sherbrooke? A. Yes.

MR. MORTON: The plant is at Sherbrooke and the head office is at Lachine.

BY MR. MORTON: Q. You are also sales manager for Dominion Textile Company? A. Yes, sir.

Q. Do you hold an executive position in the

Q. Do you hold any other office besides Sales Manager? A. No, just director and Sales Manager.

BY THE COMMISSIONER: Q. You are a director of Dominion Textile Company? A. Yes, my lord.

BY MR. McRUER: Q. Is the Paton Manufacturing Company controlled by the Dominion Textile Company? A. No control whatever.

Q. Is it partly owned? A. To a very small extent. I can give you the actual shares if you would like that information, but it is really very small indeed.

Q. Is the head office in the same building? A. The same building. The Paton Manufacturing Company simply rents space from the Dominion Textile Company.

Q. I see, and who are the other officers of the Paton Manufacturing Company ? A. The directors are Sir Charles Gordon, Sir Herbert Holt, Senator A. J. Brown, J. N. Long, J. M. Mackle, F. R. Daniels and myself.

Q. Are you an officer of the Canadian Woollen and Knit Goods Manufacturers Association? A. I am on the executive.

Q. And there are different groups in that Association, are there not? A. Yes.

Q. There is the knit goods, for instance. Tell us the different groups they have.

THE COMMISSIONER: This is not a member of Mr. Hallam's association.

MR. McRUER: Yes.

BY THE COMMISSIONER: Q. And you are president? A. No, I am just one of the executive.

THE WITNESS: There is the woollen group, which comprises the cloths and the knitting, there is the silk --

BY MR. McRUER: Q. Are you particularly interested in the cloth group? A. The cloth group, yes.

Q. Do you hold any other office besides
manager.

BY THE COMMISSIONER: A. You are a director
of Dominion Textile Company? A. Yes, my Lord.

BY MR. MORDEN: Q. Is the Eaton Manufac-
turing Company controlled by the Dominion Textile
Company? A. No.

Q. Is it partly owned. A. To a very small
extent. I can give you the actual amount if you
want it, but it is really very
small indeed.

Q. In the head office in the same building?
A. The same building. The Eaton Manufacturing
Company simply rents space from the Dominion
Textile Company.

Q. I see, and who are the other officers of
the Eaton Manufacturing Company? A. The
directors are Sir Charles Gordon, Sir Herbert
Holt, Senator R. J. Brown, J. M. Long, J. M.
Mackie, E. R. Daniels and myself.

Q. Are you an officer of the Canadian Woollen

Q. And there are divisions in that
[illegible], are there not? A. Yes.

Q. There is the knit goods, for instance.
Tell us the different groups they have.

THE COMMISSIONER: This is not a member of
Mr. Hellam's association.

MR. MORDEN: Yes.

BY MR. [illegible]: Q. And you are president
[illegible]

THE WITNESS: There is the woollen group,
which comprises the cloths and the knitting, there
is the silk --

BY MR. MORDEN: Q. Are you particularly
[illegible]

Q. Were you Chairman of that group? A. I have been this year.

Q. You have been Chairman of the group this year, for the first year.

BY THE COMMISSIONER: Q. And you are Chairman now? A. Yes, my lord.

BY MR. McRUER: Who was Chairman of the group prior to that? A. I was speaking from recollection, but I believe last year it was Harvey Douglas. I think he had it for two years.

Q. And before that? A. I really do not know.

Q. You took rather an active part in the affairs of the clothing association prior to this year? A. Yes.

Q. There is some correspondence on the files of the Paton Manufacturing Company that I want to run over with you, Mr. Dodd. The first is a letter dated Dec mber 9, 1932, from Douglas Hallam to J. G. Dodd. We might make one group of this correspondence, my lord. This letter of December 9, 1932, reads as follows:

> "Referring to the statement attached to our letter of the 8th instand in connection with fair prices for blue and grey serges, please note that under the heading 14/13 and 13/12 "single warp" should read "single weft"."

EXHIBIT 765, Part 1: Letter from Douglas Hallam Esquire, to J. D. Dodd, Esquire, Paton Manufacturing Company, Montreal, December 9, 1932.

THE COMMISSIONER: Is that a letter from Mr. Hallam?

MR. McRUER: Yes, to Mr. Dodd.

THE COMMISSIONER: I notice he refers to "our" letter.

MR. McRUER: I do not seem to have on this file the letter of the 8th December.

THE WITNESS: Some of them were short.

MR. McRUER: It may be filed in a different place. Some of these letters are filed in different places. I have not been able to find it.

BY MR McRUER: Q. At any rate, Mr. Hallam's language in connection with this was, "please note that under the headings 14/13 amd 13/12 'single warp' should read 'single weft'. Do you know what he was talking about? A. That was some months prior to our first serious meeting for discussing the possibility of group pricing. I do not recall the exact details, but there must have been something previous to this in connection with which he was asking me to make a change.

Q. It was at any rate leading up to that discussion? A. Yes.

Q. Then here is a copy of a letter from yourself, apparently, to Mr. Hallam, dated December 27, 1932. Is that correct? A. Yes.

EXHIBIT 763, Part 2: Letter from J. G. Dodd, Esquire, to Douglas Hallam, Esquire, December 27, 1932.

MR. McRUER: That letter from you to Mr. Hallam reads as follows:

> "Having reference to our suggestion of a minimum price on greys and blues, we have since talked with Mr. McMichael, of Brown, Montgomery & McMichael, and he thinks we are running very close to section 498 of the Criminal Code, although previously they had expressed a different opinion.
>
> I wonder if you would run over that section of the Criminal Code, and as no doubt the Association has a lawyer who transacts any legal business would suggest asking his advice, telling him what the Cloth members of the Association had in mind."

MR. MORDEN: It may be filed in a different place. Some of these letters were filed in different places. I have not been able to find it.

BY MR. MORDEN:

Q. At any rate, Mr. Hellam's language in connection with this was, "please note that under the headings 14/16 and 16/12 'single warp' should read 'single weft'.

Do you know what he was writing about? A. That was some months prior to our first serious meeting for discussing the possibility of group pricing. I do not recall the exact details, but there must have been something previous to this in connection with which he was asking me to make -

Q. It was at any rate leading up to that discussion? A. Yes.

Q. I am here in a copy of a letter from Yourself, apparently, to Mr. H.I.M., dated December 27, 1932. Is that correct? A. Yes.

EXHIBIT Y63, Part 2: letter from G. G. Mod., Englaine, to Montgomery, Hellam, regarding, December 27, 1932.

MR. MORDEN: Just letter from you to Mr. Hellam reads as follows:

"Having reference to our suggestion of a minimum price on grays and blues, we have since taken with Mr. Mottershead, of Brown, Montgomery & Mottershead, and he thinks we are running very close to section 498 of the Criminal Code, although previously they had expressed a different opinion.

I wonder if you would run over that section of the Criminal Code, and as no doubt the Association has a lawyer who transacts any legal business would suggest asking his advice, telling him what the [illegible] of the Association had in mind."

BY MR. McRUER: Q. Apparently you were a little nervous just at this time? A. Do you wish me to explain that.

Q. Yes, any explanation you want to make. A. The explanation was that prior to that letter being written we had a meeting in Toronto, and it was thought at that time, while we did not reach any definite conclusion, that we might make any possible arrangement binding. I did not think that was right, and when I returned to Montreal I had our Secretary Treasurer, Mr. Anderson, speak to Mr. Montgomery, and when we found out that, it was dropped entirely.

BY THE COMMISSIONER: Q. When you found out what? A. When I returned to Montreal I had Mr. Anderson speak to Montgomery & McMichael, and we dropped the thing.

BY MR. McRUER: What was it you dropped? A. We dropped the idea of making any hard and fast rule that we might discuss this possible group with --

Q. You do not suggest that in order to violate the Criminal Code or the Combines Act you have to have something that is binding?

THE COMMISSIONER: No illegal contract is binding to begin with.

BY MR. McRUER: Q. If you agree to do the thing that is as far as you need to go to come within the act. A. Well, we did not agree.

Q. We will find out before we get through. A. We did not agree up to that time.

Q. You do not mean to suggest that you did not go any further in arranging for what you call group pricing? A. No.

MR. McRUER: These letters, my lord, are not in as strict chronological order as I would have liked. They come from different files, and necessarily they are out of chronological order in

BY MR. MORRIS: Q. Apparently you were a little nervous just at this time? A. Do you wish me to explain that.

Q. Yes, any explanation you want to make.

A. The explanation was that prior to that meeting we had a meeting in Toronto, and it was thought at that time, while we did not reach any definite conclusion that we might make any possible arrangement binding. I did not think that was right, and when I returned to Montreal I had our Secretary Treasurer, Mr. Anderson, speak to Mr. Montgomery, and when we found out that, it was dropped entirely.

BY [illegible]: Q. When you found out what? A. When I returned to Montreal I had we dropped the thing.

BY MR. MORRIS: What was it you dropped.

A. We dropped the idea of making any mord and fruit rule that we might discuss this possible group with --

Q. You do not suggest that in order to violate the Criminal Code or the Combines Act you have to have something that is binding?

BY MR. [illegible]: No illegal covenant is binding to begin with.

BY MR. MORRIS: Q. If you agree to do the thing that is as far as you need to go to come within the act. A. Well, we did not agree.

Q. We will find out before we get through.

A. We did not agree up to that time.

Q. Then we do not [illegible] you did group pricing? A. No.

MR. MORRIS: These letters, my lord, are not [illegible] signed. They come from little out fifth, and necessarily they are out of chronological order in

respect of what took place, but I want to keep them in the same classification in which he had them.

THE COMMISSIONER: That is in the un-chronological order.

MR. McRUER: They are in chronological order so far as each group of letters is concerned. For instance, in this group of letters I jump to June 7, 1934 next, and in another group I shall have to go back before that date, but I do not want to disturb the grouping of them. I do not know how they came to be in that particular file.

THE WITNESS: There are two sets of files, and my Secretary decides whether they shall go upstairs or downstairs.

MR. McRUER: Next is a letter from Mr. Douglas Hallam to Mr. Dodd, dated June 7, 1934, reading as follows:

"Dear Sir:

(1) At the metting of worsted cloth mills today it was decided that unless a meeting is called by any member because of a change in present conditions the existing arrangements will hold until June 20th, and quotations for fall will not be made before that date. meeting will be called on or prior to June 20th.

(2) The question of dealing with customers who indulged in unfair trade practices was discussed. Cloth mills that had unjust claims made, or refusals to take up contracts, etc., are to write the details to the secretary, and suitable concerted action will be discussed at the next meeting."

EXHIBIT 763, Part 3: Letter from Mr. Douglas Hallam to Mr. Dodd, June 7, 1934.

purpose of what took place, but I want to keep them in the same classification in which he had them.

MR. MACKEEN: That is in the chronological order.

MR. MACKEEN: They are in chronological order so far as each group of letters is concerned.

For instance, in this group of letters I jump to June 7, 1934 next, and in another group I shall have to go back before that date, but I do not want to disturb the grouping of them. I do not know how they came to be in that particular file.

MR. MACKEEN: There are two sets of files,

Douglas Mellon to Mr. Dodd, dated June 7, 1934, reading as follows:

"Dear Sir:

(1) At the meeting of worsted cloth mills today it was decided that unless a meeting is called by any member because of a change in present conditions the existing arrangements will not be made

quotations for fall will not be made before that date. A meeting will be called on or prior to June 20th.

(2) The question of dealing with customers who indulged in unfair trade practices was discussed. Cloth mills that had unjust claims made, or refusals to take up contracts, etc., are to write the details to the secretary, and suitable concerted action will be discussed at the next meeting."

EXHIBIT 762, Part 3: Letter from Mr. Douglas Mellon to Mr. Dodd, June 7, 1934.

MR. McRUER: The next is a copy of a letter from Mr. Dodd to the Canadian Woollen & Knit Goods Association, dated May 22, 1935, reading as follows:

Mr. Douglas Hallam,
Secretary.

"Dear Sirs:-

Regarding item 5 in your memorandum of May 16th.

I have been giving considerable thought to the matter of arranging a form of pool. There are some phases of it I would still like to clear up.

There are a few ideas I would like very much if you could put before the other members of the worsted section of the Association before our next meeting so that they in turn could consider them, and I would be very glad to have their thoughts on this matter to consider them beforehand in order to quicken the next discussion.

1. The worsted Association as a whole to agree on the proper person to handle the goods to be sold by the pool. This party to be engaged by the Association individually but through one agreement signed by each member appointing that party as the selling agent for Seconds, Jobs, clear-outs, or however such goods should be styled.

2. The salary and office expenses to be borne for the first six months, or perhaps twelve months, proportionately by each and every member. At the end of the first six months, or twelve months period (whichever is agreed upon) that the salary and other office expenses to be borne in proportion to the value of goods sold by each member in ratio to the total cost of salary and other office expenses.

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CHARTERED ACCOUNTANT
TORONTO

As it would not be right or proper for any one member of the Association to be asked to become responsible for the proper discharge of the duties and proper functioning of this pool, would suggest that the charge would be vested in the office of the Canadian Woollen & Knit Goods Association, worsted section, under Major Hallam's supervision.

3. The salesman so engaged would sell direct to the trade on direct account of each member in the pool. Wherever goods offered by such member or members were sold through that medium, such goods to be charged direct to the customer by the mill owning and selling the goods.

4. At times where, for any reason whatever, the pool should purchase goods from any member who desires to make a quick sale when in the opinion of the majority of the members such a time would not be the most fitting period in which to dispose of a lot of goods of any size, that the member wishing to sell sets the price at which the goods are to be disposed of, and if that price is approved by the other members, that the pool purchase those goods, the money being supplied pro rata by the various members, the goods to be disposed of at a time most fitting and the amount so subscribed returned to the various members. In the event of such goods being sold at a price over that at which they were bought, the profit resulting to be deposited in a special account under the control of Major Hallam's office, to be used as and when necessary to defray part of the expenses of salary and other office expenses.

There are other matters of detail that would be discussed and decided upon at the next meeting, but thought the above important

ROBT. BRYDIE
TORONTO - CANADA

3.

As it would not be right or proper for any one member of the Association to be called to account or be responsible for the proper discharge of the duties and proper functioning of this pool, would suggest that the charge would be vested in the office of the Canadian Woollen & Knit Goods Association, nominated [illegible].

3. The salesman so engaged would sell direct to the trade or direct account of each member in the pool. Moreover goods offered by each member or members were sold through that medium, such goods to be charged direct to the customer by the mill owning and selling the goods.

4. At times when, for any reason whatever, the pool should purchase goods from any member who agrees to make a quick sale when in the opinion of the majority of the members such a time would not be the most fitting period in which to dispose of a lot of goods of any size, that the member wishing to sell sets the price at which the goods are to be disposed of, and if that price is approved by the other members, that the pool purchase those goods, the money being supplied pro rata by the various members, the goods to be disposed of at a time most fitting and the amount so subscribed returned to the various members. In the event of such goods being sold at a price over that at which they were bought, the profit resulting to be deposited in a special account under the control of Major Hellam's office, to be used as and when necessary to defray part of the expenses of salary and other office expenses.

There are other matters of detail that would be discussed and decided upon at the next meeting, but thought the above important

enough perhaps to be sent out to the other members for their consideration as a basis at wh which we might start to work out this plan. After considering the matter and discussing it with the other members, I see no reason why it would not be possible to organize such a pool to successfully carry on the best interests of all the members."

EXHIBIT 763, Part 4: Letter from Mr. Dodd to Mr. Douglas Hallam, dated May 22, 1935.

BY MR. McRUER: Q. Referring to that letter, Mr. Dodd, Part 4, Exhibit 763, what was your idea in organizing a pool of that character? A. The idea was to handle seconds jobs, clear-outs, which every mill has some during some months of the year or any period you like, three or four or six months. These goods were being marketed throughout the country by certain people without regard as to how they affected the trade as a whole.

Q. The reference to begin with is:

"Regarding item No.5 in your memorandum of May 16th."

That evidently refers to one of these memoranda that Mr. Hallam distributed in regard to price. Is that not a fact? A. Well now I cannot tell you from that.

Q. Would you be good enough to give me, if you can, the memoranda that you had at the time? A. Have we the memoranda in the file.

THE COMMISSIONER: Reference is made to a memorandum of a certain date.

MR. McRUER: Yes.

THE COMMISSIONER: What date?

MR. McRUER: May 16, 1935, apparently.

THE WITNESS: I think that that first line of mine must refer to some memorandum that Major Hallam had sent me in regard to these seconds. I am sure it has no reference whatsoever to general prices.

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enough perhaps to be sent out to the other
members for their consideration as a basis at w
which we might start to work out this plan.
After considering the matter and discussing my
it with the other members, I see no reason
why it would not be possible to organize
such a pool to successfully carry on the
best interests of all the members."

EXHIBIT 765, Part 4: Letter from Mr. Dodd
to Mr. Lonsdale Hellam,
dated May 22, 1929.

your letter, Mr. Dodd, Part 4, Exhibit 765,
what was your idea in organizing a pool of the t
observer? A. The idea was to handle seconds
lots, clean-outs, which every mill has some
during some months of the year or any period
you like, three or four or six months. These
goods were lying unsold throughout the country
by certain people without regard as to how
they affected the trade as a whole.

Q. The reference to begin with is:

"Regarding item No.5 in your memorandum of
May 30th."

That evidently refers to one of these memoranda
that Mr. Hellam dictated in regard to price.

Is that not a fact? A. Well now I cannot
tell you from that.

Q. Would you be good enough to give me,
if you can, the memoranda that you had at the
time? A. Have we the memoranda in the file.

THE COMMISSIONER: Reference is made to a
memorandum of a certain date.

MR. Mc: Yes.

THE COMMISSIONER: What date?

MR. [illegible] May 1st, 1929, typewritten.

THE WITNESS: I think that that first line
of mine must refer to some memorandum that
Major Hellam had sent me in regard to these
seconds. I am sure it has no reference whatso-
ever to general prices.

MR. McRUER: What I have in mind is that this sort of thing was dealt with in another section, in the hosiery section, in what Mr. Hallam called a memorandum.

THE COMMISSIONER: There was no memorandum of that particular date in the hosiery section

Mr. McRUER: This is May, 1935.

THE COMMISSIONER: There was a memorandum of May 1, 1935, and another of September 21, 1935

MR. McRUER: It was just that the same word was used. It is not that the hosiery had anything to do with this. Major Hallam called that a memorandum, and they dealt with things of this sort, the disposal of discontinued lines at times.

THE COMMISSIONER: That was all about hosiery.

MR. McRUER: That was about hosiery, and my curiosity was aroused as to whether or not there was the same sort of thing in the worsted section.

THE COMMISSIONER: There has been no evidence of that yet.

MR. McRUER: We have had suggestions of it.

THE COMMISSIONER: There is no suggestion here.

THE WITNESS: I know that this only deals with a memorandum covering jobs, seconds, a matter which had been discussed in Toronto. I cannot give you the actual memorandum.

MR. McRUER: I am not too sure that it is not on our file. Yes, here we are, number 214. I find it difficult to control everything in this file, Mr. Dodd. This is a memo dated May 16, 1935. Paragraph (5) of that memorandum says:

> "Mills are to consider the best form of 'pool' which could handle clearing lines and seconds."

THE WITNESS: That is what I said. It must have referred to a paragraph of that kind.

ROBT. BRYDIE
CHARTERED STENOTYPIST
TORONTO - CANADA

Mr. Morton: What I have in mind is that the part of lining was dealt with in another section, in the boundary section, in what Mr. Hillen called a memorandum.

THE COMMISSIONER: There was no memorandum of that particular lots in the boundary section

Mr. Morton: This is May, 1956.

THE COMMISSIONER: There was a memorandum of May 1, 1956, and another of September 21, 1953

Mr. Morton: It was just that the same words were used. It is not that the notary had anything memorandum, and they dealt with things of this sort, the disposal of discontinued lines at times.

THE COMMISSIONER: That was all about boundary.

Mr. Morton: That was about boundary, and my question was aroused as to whether or not there was the same sort of thing in the work ted section.

THE COMMISSIONER: There has been no evidence of that yet.

Mr. Morton: We have had suggestions of it.

THE COMMISSIONER: There is no suggestion here.

THE WITNESS: I know that this only deals with a memorandum covering lots, seconds, a matter which had been discussed in Toronto. I cannot give you the actual memorandum.

Mr. Morton: I am not too sure that it is not on our file. Yes, here we are, number 214. I find it difficult to control everything in this file, Mr. Dodd. This is a memo dated May 15, 1956. Paragraph (b) of that memorandum says:

"Wills are to consider the best form of

[illegible]

[illegible] I said. [illegible]

[illegible] referred to a paragraph of that kind.

THE COMMISSIONER: I never heard that word before.

Mr. McRUER: I will read the memorandum of May 16, 1935, which is attached to this correspondence, and numbered 214. It is as follows:

MEMO

"(1) That minimum prices on fancy piece dyes will only apply where specifications for six pieces to a design are given at any one time, unless the customer has previously qualified by placing a six piece order of the particular design he is repeating on.

(2) That the understanding as to sample lengths to pieces for fancy piece or yarn dyes is as follows:

'Mills will limit sample lengths to pieces to a ratio of five sample lengths to one piece. Sample lengths to be supplied from the same type and quality of cloth as that of the piece ordered. Purchase of staple cloths and furnishing of sample lengths in fancies is not to be permitted. Mills will require clothing manufacturers when ordering lengths to stipulate piece and delivery date.'

(3) Monthly return to be made to the Association office, giving:

(1) Stock under lot numbers, showing quality No., regular price, and whether seconds and firsts, it is proposed to sell, and the price it is proposed to endeavour to clear at.

(2) On next monthly report to show lot No. disposed of or what proportion of the lot has been disposed of.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

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Mr. Bradley: I will read the memorandum of May 16, 1938, which is attached to this correspondence, and numbered 214. It is as follows:

"(1) That minimum prices on Tenor piece for six pieces to a design are given at any one time, unless the customer has previously qualified by placing a mix piece order of the particular design as is concerning on.

(2) That the understanding as to sample lengths to pieces for fancy piece or yard goes is as follows:

'Mills will limit sample lengths to pieces to a ratio of five sample lengths to one piece. Sample lengths to be supplied from the same type and quality of cloth as that of the piece ordered. Purchase of staple cloths and furnishing of sample lengths in tenors is not to be mandatory. Mills will refuse filling misinformation when ordering lengths to stimulate piece and delivery date.'

(3) Monthly return to be made to the Association office, giving:

(1) Stock under lot numbers, showing quality No. (Tenor piece, fancy worsted, seconds and firsts, it is proposed to sell, and the price it is proposed to endeavour to clear at.

(2) On next monthly report to show lot No. Disposed of or what proportion of the lot has been disposed of.

(4) Fancy piece and yarn dyes: Seconds of current season goods are only to be sold three months after making, except when making an allowance to original buyer; spongers report to be available to support claim goods are seconds.

(5) Mills are to consider the best form of 'pool' which could handle clearing lines and seconds.

(6) Mills to supply Association office monthly with yardage of worsted cloth shipped and value. This information to be used only for compiling gross figures.

(7) In order to obtain a background for these figures the mills to supply a statement showing monthly shipments of worsteds in lineal yards and value from and including January 1934.

BY MR. McRUER: Q. That apparently arose out of a meeting that had been held in Toronto? A. It did.

Q. Did you go on with this idea about a pool? A. No, we did not go on with it at all.

Q. But at that time there was a number of members of the Woollen and Knit Goods Association who had a price arrangement? A. Yes.

THE COMMISSIONER: Is that price arrangement anywhere else in writing?

MR. McRUER: I have a lot about it, my lord.

EXHIBIT 763, Part 5: Memorandum dated May 16, 1935, respecting pool for disposing of clearing lines and seconds.

MR. McRUER: Now I should like to read a copy of a letter from Mr. Dodd of the Paton Manufacturing Company Limited, Sherbrooke, to the Paton Manufacturing Company Limited, for the attention of Mr. Booth, General Manager.

(Page 10865 follows)

attention of Mr. Booth, General Manager.

(Page 10865 follows)

Q. This is dated 23rd of May, 1935. This enclosed a copy of the memo I have just read and I do not think there is much ---

THE COMMISSIONER: Oh, I thought that memo was in the last letter.

MR. McRUER: Well, it was and he sends it on to ---

THE WITNESS: Sends it on to Mr. Booth.

Q. Now, Mr. Dodd, you have you your office a teletype machine ? A. Yes.

Q. I show you a number of teletypes that were handed to Mr.Walton. How is this message sent? .A. You mean the physical part of it?

Q. Yes , where does it come from? A. Comes from my girl or any other girl in the office sitting down at a typewriter in Montreal and typing out the message which instantaneously is written out on a similar machine in Toronto.

Q. You have a direct wire? A. No, it is not our own wire. It is an arrangement with the Tele phone Company, leased wire.

. That you have this direct mode of communication between your office in Toronto and the office in Montreal? A. Yes.

Q. Now, I notice a number of the messages purport to be signed by Hallam? A. Yes.

Q. Of course, you were not in the same sort of direct communication with Hallam? A. No, Hallam telephoned a message through to our Toronto office,

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Q. This is dated 23rd of May, 1955. This enclosed a copy of the memo I have just read and I do not think there is much ---

THE COMMISSIONER: Oh, I thought that memo was in the last letter.

MR. MOLLOY: Well, it was and he sends it on to ---

THE WITNESS: Sends it on to Mr. Booth.

Q. Now, Mr. Dodd, you have your office a teletype machine ? A. Yes.

Q. I show you a number of teletypes that were handed to Mr.Walton. How is this message sent?

A. You mean the physical part of it?

Q. Yes, where does it come from? A. Comes from my girl or any other girl in the office sitting down at a typewriter in Montreal and typing out the message which is instantaneously is written out on a similar machine in Toronto.

Q. You have a direct wire? A. No, it is not our own wire. It is an arrangement with the Tele[illegible] Company, [illegible] wire.

Q. That you have this direct mode of communication between your office in Toronto and the office in [illegible]

Q. Yes.

Q. Now, I notice a number of the messages purport [illegible]

Q. Of course, You were not in the same sort of direct communication with Hallam? A. No, Hallam telephoned a message through to our Toronto office,

to the telephone switchboard office, and she in Toronto, or one of the other girls, will send that to Montreal.

Q. And the message we have here would be what would be typed off either in Montreal - well, would be typed off in Montreal either to send or to receive ?

A. A message like this would be telephoned to our Toronto office and they would send it to Montreal.

Q. And this would be copied in Montreal? A. Yes.

Q. File copy here would be copied in Montreal?

A. Yes.

MR.McRUER: There will be a number of these messages, my lord.

EXHIBIT 764: File of Teletype messages.

Q. The first is from Douglas Hallam, wire, to Dodd, 25th of May, 1933:

"Toronto anxious to co-operate but progress cannot be made unless all mills agreeable. Before coming to Toronto there should be satisfactory understanding with St. Johns and it is very necessary Colonel Evans should be present. Cannot see any useful result otherwise. Mills feels that cloths which are completely out of line with general range should be brought up level before Genral price advance can be arranged. Also feel too early to discuss full range with samples and that staple cloths should be dealt with."

to the telephone switchboard office, and she in Toronto, or one of the other girls, will send that to Montreal.

Q. And the message we have here would be what would be typed off either in Montreal - well, would be typed off in Montreal either to send or to receive ?

A. A message like this would be telephoned to our Toronto office and they would send it to Montreal.

Q. And this would be copied in Montreal? A. Yes.

Q. This copy here would be copied in Montreal?

A. Yes.

MR.MONDER: There will be a number of these messages, my Lord.

EXHIBIT 794: File of Teletype messages.

Q. The first is from Dunton (Ottawa), viz., May 26th, 1953:

"Toronto anxious to co-operate but progress cannot be made unless all mills agreeable. Before coming to Toronto there should be satisfactory understanding with Gt. Lakes and it is very necessary Colonel Evans should be present. Cannot see any useful result otherwise. Mills feels that cloths which are completely out of line with general range should be brought up level before Board may discuss full range with samples and that staple cloths should be first view."

Now, apparently you are getting ready for some meeting on the subject there? A. We are discussing or preparing a place to discuss when next in Toronto. We are discussing over the machine when Colonel Evans and myself will be next in Toronto.

Q. Colonel Evans is connected with what Company? A. St. John's Textile.

Q. Does he live in Toronto? A. Yes.

THE COMMISSIONER: Q. Where is that Company? A. In St. John's, Quebec.

MR. McRUER: Q. Now, the next is a wire from Hallam to Dodd of the 26th of May, 1933:

> "Dominion, Barrymore, and Dupont preparing list of prices for blues, greys, and fancy piece dyes which they will submit to this office tomorrow and any large discrepancies can be cleared up by telephone. They will then meet at noon on Monday and will then be able to send you these on Monday afternoon for your and Colonel Evans consideration. There will be a price list for preferred accounts, such preferred accounts being listed by name and a general list for all other accounts. They consider that there must be 2 prices and that this is the best way to handle the situation."

Now, what was he driving at there? A. Well, those were the suggestions of some of the people in Toronto which they were making to us in Montreal.

which they were making to us in Montreal.

Now, what was he living at there? A. Well, those were the negotiations of some of the people in Toronto

the situation.

Please send that this is the best way to handle

value limited to some way a General list for all

time extension. They consider that there must be

line for protected customers, such customers

Colonel Evans' consideration. There will be a

be used for the Canada attached for that

clearned up by telephone. They will then be able

to Board of the 20th of May, 1939:

"Dominion, Burlymore, and Dupont Properties

List of prices for plums, Greys, and Imco

Please give which shall will comply to this office

Dominion and Lake Simcoe Properties are in

Mr. McMurtry: Q. Now, the next is a wire from Burl

A. In St. John's, Quebec.

Q. Does he live in Toronto? A. Yes.

The Commissioner: Q. Where is that Company?

. Solicitor General is connected with, what Company?

A. St. John's Quebec.

and myself will be next in Toronto.

or Principles - Plans to discuss when next in Toronto.

on the Montreal Power. A. We are discussing

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Q. About price list for preferred accounts?

A. That was not carried out, never was carried out.

Q. When you came to price list it was one price list for all accounts? A. Yes, sir.

Q. And then the next is from Douglas Hallam to Mr. Dodd, on the 17th of June, 1933:

"Please put in the mail for me a price list of worsteds which you and Colonel Evans have agreed on, covering the entire ranges. It will be understood that while Colonel Evans cannot enter an agreement he undertakes not to sell at less than this price list without first advising you of the change in policy. Will then get definite agreement with the three mills here. Any chance of Hield coming in?"

Hallam here is apparently dealing with price list of worsted? A. Yes.

Q. I think the one we are dealing with with Mr. Grimshaw dealt with serges? A. Well, worsteds and serges are the same thing. It is another manner of describing them. A serge is a certain form of weave of cloth but the worsted is the basis from which it is made. The worsted is the basic wool tops from which a piece of serge is made, so that serge and worsteds are realy synenamous.

Q. The next is a wire from Mr. Dodd to Hallam. Now, this would be a copy of the message that would be sent from your office? A. Yes, this would

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A. That was not carried out, never was carried out.

Q. When you came to price list it was one price list for all necessary? A. Yes, sir.

Q. And then the next is from Douglas Mellon to Mr. Dodd, on the 17th of June, 1920:

"Please put in the mail for me a price list worsteds which you and Colonel Evans have agreed on, covering the entire ranges. It will be an agreement be undertaken not to sell at less than this price list without first consulting you of the change in policy. Will then get definite of this coming in."

Q. Mellon here is apparently dealing with price list of worsted? A. Yes.

Q. I think the one we are dealing with with Mr. and serges are the same thing. It is another manner of describing them. A serge is a certain form of weave of cloth but the worsted is the basis from which it is woven. The serge is the twill and from which a piece of serge is made, so that serge and worsteds are really synonymous.

Q. The next is a wire from Mr. Dodd to Mellen. Now, this would be a copy of the message that would get from your offices? A. Yes, this would

original. You can call it either way you like. It is my message, at any rate.

Q. When there is a message put on the machine in Montreal there is a copy of that message remains in Montreal? A. Yes.

Q. This is dated 19th June, 1933:

"Your Saturday message. Will mail to-day memo of prices so far arranged with St. Johns. Expect completion of all prices later but Colonel Evans away until Wednesday. Have an appointment with Hield at two-thirty this afternoon. Will later let you know whether he agrees.

Just received Telegram from Mr. Dobbie asking if convenient to postpone meeting arranged with Camelfords for Tuesday, until Wednesday morning."

Q. Who is Mr. Dobbie? A. Stauffer-Dobbie of Galt.

Q. They are manufacturers of what? A. Towels and other fabric. They manufacture. They do not manufacture serges.

Q. You say they do not manufacture serges? A. No.

Q. Or worsteds? A. None.

Q. Camelfords manufacture what? A. Dominion fabrics. Manufacture various goods but among them towels.

Q. So that these references to Dobbie and Camelford

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prejudice. You can sell it either way you like. It is my message, at any rate.

. When there is a message put on the machine in Montreal there is a copy of that message remains in

. This is dated 15th June, 1922:

"Your saturday message. Will mail to-day me of prices so far arranged with St. Donna. Expect completion of all prices later but Colonel Evans away until Wednesday. Have an appointment with Field at two-thirty this afternoon. Will later let you know whether he agrees.

Just received Telegram from Mr. Dobbie saying if convenient to postpone meeting arranged with Camelfords for Tuesday, until Wednesday morning."

. Who is Mr. Dobbie? A. Stauffer-Dobbie of Galt.

. They are manufacturers of what? A. Towels manufacture serges.

. You say they do not manufacture serges?

. No.

. Or worsteds? A. None.

. Camelfords manufacture what? A. Tweeds, fabrics. Manufacture various goods but among them

. No test runs telephone in Berlin and Preston

would likely have to do with towels? A. Yes.

Q. We are coming to a little story on towels later.

"Am replying that this is agreeable to me. Can we have your office for Wednesday morning instead of tomorrow?

Will you let me know if arrangements have been made for the matter mentioned by you on Saturday morning regarding meeting tariff board." So you were evidently instrumental in seeing Mr. Hield to try to get him to come in? A. Incidentally I have discussed that matter with Mr. Hield on ---

Q. What would you want to see Mr. Hield about it? A. I don't know whether I went to see him. I think he came to see me. It would be about the same measure which we were discussing, - in fact which most of this applies to, working up to the discussion of a possible group arrangement of prices. That is the whole tenor of all of them.

Q. Now, we have a wire from yourself to Anderson-Paton - what does that mean? A. He is Secretary-Treasurer of the Paton Company, he is in Montreal.

Q. It is dated the 11th of July, 1933. How would you come to be sending this over the wire?

A. That would be coming from Toronto.

Q. You were in Toronto when you sent that? A. Yes, I must have been. The messages are not marked where they are from but it would be obvious from the message itself I must have been there.

Q. "Tell Renwick to quote both railroad companies-

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(CHARTERED STENOGRAPHIC REPORTER)
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would likely have to do with towels? A. Yes.

Q. We are coming to a little story on towels later.

I am replying that this is agreeable to me.

of tomorrow?

Will you let me know if arrangements have been made for the matter mentioned by you on

So you were evidently instrumental in seeing Mr. Hield to try to get him to come in? A. Incidentally I have discussed that matter with Mr. Hield on ---

Q. What would you want to see Mr. Hield about if? A. I don't know whether I want to see him. I think he came to see me. It would be about the same business which we were discussing, - in fact which most of this applies to, working up to the discussion of a possible group arrangement of prices. That is the whole tenor of all of them.

Q. Now, we have a wire from yourself to Anderson-Patton - what does that mean? A. He is Secretary-Treasurer of the Patton Company, he is in Montreal.

Q. It is dated the 11th of July, 1933. How would you come to be sending this over the wire?

A. That would be coming from Toronto.

Class 4556 Quote 2.45. This price has been discussed with Barrett of Dominion Wcollens who will quote same. On Class 4561 quote 2.20. As this cloth does not conflict with any of Dominion Woollens have made no arrangements with them. J.G. Dodd."

And written "Quoted Ogalnik," - is that your handwriting? A. No, that is Renwick 's handwriting, "Ogalnik".

Q. Who is Ogalnik? A. He is a contractor in Montreal.

Q. And "Quoted Ogalnik, 11/7/33." being the 11th of July, 1933? A. Yes, the date of the message.

Q. Now, Ogalnik had apparently been asking for quotations on cloth for the purpose of making up uniforms or something for the railways? A. I imagine so.

Q. And you had gone to Barrett of the Dominion Woollens and Worsteds and arranged with him that you would both quote at the same price? A. Either I went to him or he came to me or ---

Q. Well, you got together? A. Yes, we got together. We spoke about it.

Q. And arranged to both quote the same price? A. All right. You will understand of course about that, that they would know in any case, each would know what the quotation was of the other.

THE COMMISSIONER: Q. Do I understand that this was

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TORONTO

who will quote same. On Class 1961 quote 2.80.

as this cloth does not conflict with any of

Dominion Woollens have made no arrangements with

them. J. B. Judd."

and written "Quoted Ogalnik," - is that your hand-

writing? A. No, that is Kemnick 'a handwriting,

"Ogalnik".

Q. Who is Ogalnik? A. He is a contractor

in Montreal.

Q. And "Quoted Ogalnik, 11/7/22." being the 11th

of July, 1922? A. Yes, the date of the message.

Q. Then, Ogalnik had already [illegible]

quotations on cloth for the purpose of making up

uniforms or something for the railway? A. I

imagine so.

Q. And you had gone to Bennett of the Dominion

Woollens and Worsteds and arranged with him that you

would both quote at the same prices? A. Either

I went to him or he came to me or ---

Q. Well, you got together? A. Yes, we got

together, we always did.

Q. All right. You quit on account of getting that,

that, that they would know in any case, each would

know what the quotation was of the other.

a case of selling to the two railways and the railways were being told that this Company and the Barrett Company had agreed on a certain price.

MR. McRUER: No, the Railways were not being told that. This is from Mr. Dodd to the Secretary-Treasurer of the Company telling the Secretary-Treasurer of the Company that they had agreed with the Dominion Woolens to quote the same price as they would quote.

THE WITNESS: May I explain? Before the Railway Companies, either the C.P.R. or C.N.R., will accept a cloth to go into the uniforms for their trainmen, conductors, they have got to see that cloth and have it approved, and no cloth can be accepted by any contractor unless he is notified by the railway companies that such a company, either the Paton Company or Dominion Woollens, have been approved by them as to the cloths that we buy and put into the contract. Now, that goes to many different companies, not only Ogalnik, that happens to be him - we cannot tell you who else they go to, certain people in Toronto and one or two in Montreal, and we always quoted, everybody who is seeking the contract, identically the same prices.

Q. That may be true that you always quoted the same price but I am getting at how it is arranged. What you are doing here you are telling Mr. ~~Renwick~~ Anderson to tell Renwick to quote both Railroad companies- Class 4556, Quote 2.45. ? A. Yes.

Q. Now, That is a type of blue serge? A. Yes.

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CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Dodd

a case of selling to the two railways and the railway
Company had agreed on a certain price.

Mr. McPHEE: No, the Railways were not being told
that. This is from Mr. Dodd to the Secretary-Treasurer
of the Company telling the Secretary-Treasurer of the
Company that they had agreed with the Dominion Woollens
to quote the same price as they would quote.

THE WITNESS: May I explain? Before the Railway
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a cloth to go into the uniforms for their trainmen,
conductors, they have got to see that cloth and have it
approved, and no cloth can be accepted by any contractor
unless he is notified by the railway companies that
such a company, either the Paton Company or Dominion
Woollens, have been approved by them as to the cloths
that we buy and put into the contract. Now, that
goes to many different companies, not only Oshkosh,
that happens to be him - we cannot tell you who else
they go to, certain people in Toronto and one or two
in Montreal, and we always quoted, everybody who is
seeking the contract, identically the same prices.

Q. That may be true that you always quoted the
[illegible]
[illegible]
[illegible] Mr. Dodd? A. Yes.
[illegible]

Q. It would be suitable for uniforms a for the conductors? A. Either one, - I don't know whether conductors or trainmen.

Q. "This price has been discussed with Barrett of Dominion Woollens who will quote same." A. Yes.

Q. So that you were apparently in Toronto discussing with Barrett, General Manager of the Dominion Woollens, as to what prices he would quote and what price you would quote on competing cloths? A. The first time that we do quote that price of 2.45 to any contractor and Dominion Woollens man was in there, Dominion Woollens would know it anyway. Would not make a particle of difference.

Q. If there would not be any difference why were you taking the trouble of wiring to Anderson telling him that you had arranged it with Barrett of Dominion Woollens? A. Well, it is the easiest method. It is easier for us to agree, because we will only both quote the same price ultimately so that we may just as well let them know what our price is.

Q. Let me see what you mean: You say it is easier to agree because you will both quote the same price ultimately? A. Yes, sir.

Q. Why do you say that? A. Because we will know what they quote and they will know what we quote. Suppose they quoted 1.45 and we quoted 2.10. We would immediately revise our quotation from 2.10 to 1.45.

Q. It would be suitable for uniforms - for the
commissioners? A. Either one, - I don't know whether
coverings or tailoring.

Q. "This price has been discussed with Barnett
of Dominion Woollens who will quote same." A. Yes.

Q. So that you were apparently in Toronto
discussing with Barnett, General Manager of the
Dominion Woollens, as to what prices he would quote and
what price you would quote on competing clothes?
A. The first time that we do quote that price of
$.45 to any contractor and Dominion Woollens was
in there, Dominion Woollens would know it anyway.
Could not make a particle of difference.

Q. If there would not be any difference why were
you taking the trouble of writing to Anderson telling
him that you had arranged it with Barnett of Dominion
Woollens? A. Well, it is the [illegible].
It is easier for us to agree, because we will only
both quote the same price ultimately so that we may
just as well let them know what our price is.

Q. Let me see what you mean: You say it is easier
to agree because you will both quote the same price
ultimately? A. Yes, sir.

Q. Why do you say that? A. Because we will
[illegible] they quoted $.45 and we quoted $.50. We
would [illegible] [illegible] $.45.

Q. The Railway Company you say would tell you what their quotation was and you would revise yours and you would come down? A. The contractor would tell us.

Q. That is a very different thing. If they went to work and quoted a price that you would have to come down to - then both of you did quote the same price to make sure neither one would come down? A. So long as it was a reasonable price.

Q. It is a question of competing and not competing? A. We are competing because you have ---

Or After all you have to be able to persuade that contractor to give you that order if it is the same price, it is a competition.

THE COMMISSIONER: Q. Is there anybody else left to compete with? When you - and who is the Company Barrett represents? A. Dominion woollens.

Q. When you and that company agreed to submit the same price was there any competitor left? A. Yes, Hield occasionally made these same cloths. It was not a standard with them but if they so desired they could come in, but we never went to Hield.

Q. I want to know if there was any other company, Hield or others, who would compete, send in prices independently of yourself and Barrett? A. Yes, Hield would.

MR. McRUER: Q. Outside of Hield was there any others? A. No.

Q. The Railway Company you say would tell you what their quotation was and you would revise yours and you would come down? A. The contractor would do.

Q. That is a very different thing. If they went to work and quoted a price that you would have to come down to - then both of you did quote the same price to make sure neither one would come down?

A. So long as it was a reasonable price.

Q. It is a question of something and not competing?

A. We are competing because you have --

-- After all you have to be able to persuade that contractor to give you that order if it is the same price, it is a competition.

THE COMMISSIONER: Q. Is there anybody else left to compete with? When you - and who is the

Q. When you and that company agreed to submit the same price was there any competitor left? A. Yes, Field occasionally made these same clothe. It was not a standard with them but if they so desired they could come in, but we never want to Field.

Q. I want to know if there was any other company, Field or others, who would compete, send in prices independently of yourself and Barrett? A. Yes, Field would.

Q. Name? A. Name of them I don't know what

Q. Because I am going to refer you to some of your own correspondence later on in regard to the same subject matter.

THE COMMISSIONER: We have that, insofar as competition is concerned, apparently there was Mr. Dodd's Company and Barrett's Company and Hield.

MR. McRUER: Q. Well, Hield at this time did not have his passed as acceptable for contract work for the railways, now, did he, and Hield has told us that he did not do any? A. He has done some. In 1933 I could not tell you whether Hield had his cloth adopted by the Railway Companies or not.

Q. Because you have to have your cloths adopted by the Railway Companies before contractor is allowed to use it? A. Exactly.

Q. But with the exception of Hield, when you and the Dominion had agreed why then that was all there was to agree to about it? A. If Hield was out of it, yes.

Q. Now, the next is a wire --

THE COMMISSIONER: Q. How did the railways go about ~~t~~getting these offers or tenders - were they advertised? A. I am not sure, my lord, just how they put out their tenders but I rather think it is over a matter of years there are certain people in both Toronto and Montreal have had these tenders, the Railway companies send them out and if they wish to tender why they do so, and then send them out

Because I am going to refer you to some of your own correspondence later on in regard to the same subject matter.

THE CHAIRMAN: I have that, insofar as competition is concerned, apparently there was Mr. Dodd's Company and Perrett's Company and Nield.

MR. MORPHY: A. Well, Nield at this time did not have his passed as acceptable for contract work for the railways, now, did he, and Nield has told us that he did not to why? A. He has done some.

In 1932 I could not tell you whether Nield had his cloth adopted by the railway Companies or not.

Q. Because you have to have your cloths adopted by the [illegible] to use it? A. Merely.

Q. But with the exception of Nield, when you and the Railways had agreed upon [illegible] was to agree to about it? A. If Nield was out of it, yes.

Q. Now, the next is a wire ---

THE CHAIRMAN: Q. How did the railways go about getting these offers or tenders - were they advertised? A. I am not sure, my lord, just how they put out their tenders but I rather think in both Toronto and Montreal have had these tenders, the railway companies send them out and if they wish to tender they do so, and then send them out

to the different clothing companies and then the clothiers come to us to get quotations or Dominion or Hield to get quotations for the cloths.

Q. And these quotations that you and Barrett agreed on would be for the clothiers? A. Yes, for the contractors, clothing manufacturers.

MR. McRUER: Q. You probably would have some correspondence either with the Railway companies or with the contractors - in this case Ogalnik at this time to show what the transaction was? A. It is doubtful, might be. It is rather doubtful, because those things are usually done through our salesmen.

Q. Ogalnik had evidently asked you to quote on it? A. Yes.

Q. And had evidently asked Dominion Woollens to quote on it? A. Yes.

Q. And when he invited them to quote he was not asking you to quote jointly? A. I think he would be better satisfied if we did quote jointly. There is protection for himself if he knows he is getting exactly the same price as the other contractor.

Q. Yes, but if he asked for quotations I would take it that he was asking you to quote independently and then he could do exactly what you suggest he might have done, and that is, if one was lower than the other, say, "Look here, Dodd is lower than you, Mr. Barrett, cannot you come down a bit on yours? Would like to use your article but if Dodd is going

to the different clothing companies and then the
clothiers come to us to get quotations or dominion
limits of the particular kind the claims.

Q. And these quotations that you and Barrett ge
on would be for the clothiers? A. Yes, for the
particular, finishing manufacturers.

Q. Anything in the Academy would have any
correspondence either with the Railway companies
or with the contractors - in this case Ogelvie at t
time to know what the transaction was? A. It i
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A. Yes.

Q. And had evidently asked Dominion Woollens
to quote on it? A. Yes.

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Q. Yes, but if he asked for quotations I would
take it that he was asking you to quote independ
and then he could do exactly what you suggest he
might have done, and that is, if one was lower than
the other, say, "Look here, Dodd is lower than you,
Mr. Barrett, cannot you come down a bit to Dodd's
would like to have your article but if Dodd is

to be lower why we won't do it," - but when you agree--

A. You think it takes it out of his hands?

Q. Yes? A. Well, if we arranged reasonable prices, yes---

Q. Of course, reasonable price is another question. Now, the next is a message from Renwick to you dated 11th of July, 1933.

THE COMMISSIONER: Q. Renwick is what company?

A. He is one of the salesmen of the Paton Manufacturing Company.

MR. McRUER: "Dominion Woollens quoted Ogulnik $2.35 for their No. 880, which competes against our 4556."

Now, 880 and 4556 refers to two different types of cloths? A. One made by them and one by us.

Q. Their number was 880 for similar cloth?

A. Is not it 882?

Q. 880? A. Our number is 4556.

Q. "This was quoted to them yesterday, and I think It would be wise to have Mr. Barrett wire their office here to rescind that price."

Now, the price that you had mentioned in your telegram an hour before or three-quarters of an hour before was that you and Dominion Woollens were going to quote 2.45? A. That is right.

Q. But Mr. Renwick comes back and tells you that Dominion Woollens has already quoted 2.35 and he asked you to get busy and try and have Mr. Barrett rescind

A. You think it takes it out of his hands?

Now, the next is a message from Fenwick to you dated 11th of July, 1913.

HON. DOMINION: A. Ronwick is what company?

A. He is one of the salesmen of the Eaton Manufacturing Company.

MR. MORINE: "Dominion woollens quoted

explain yes A.?

Now, 880 and 4356 relate to two different types of cloths? A. One made by them and one by us.

. Their number was 880 for similar cloth?

. Is not it 8802?

Q. 8802? A. Our number is 4356.

. "This was quoted to them yesterday, and I think It would be wise to have Mr. Barrett wire their office here to remind that price."

hour before or three-quarters of an hour before

as that you and Dominion Woollens were going to

quote 8.45? A. That is right.

Dominion woollens has already quoted 8.35 and he asked

that price? A. That is right.

Q. Do you know what the result was on that order - did it go in at 2.35? A. No, I could not tell you.

Q. Or 2.45? A. I could not tell you really.

Q. Probably you could look that up and find out what your order went to Ogulnik at, whether he finally paid at ---

THE COMMISSIONER: 2.35 what?

MR. McRUER: Q. That would be per yard? A. Yes, per yard.

Q. Well, the next one is dated the 5th of October, 1933, and is from you to W.H. Cook, Dominion Woollens, Toronto:

"We are quoting on our No. 4556 22 1/2 oz blue serge for railway and police uniforms - $2.55 per yard. I believe your contra cloth is No. 880. Would you kindly establish the same price on your cloth if and when quoting?"

A. That is the same cloth we were discussing.

Q. It is the same cloth and apparently the price--

A. That is, July up to October.

Q. Yes, it is 20 cents higher than the Dominion Woollens have quoted but 10 cents higher than your own quotation? A. Yes. Stocks had been advancing very strongly all through 1933.

Q. And then you get the agreeable messages back on the same day, a message from Mr. Cook to Mr. Dodd dated 5th October, 1933:

ROBT. BRYDIE
CHARTERED STENOGRAPHER
TORONTO CANADA

what price ... that is ...?

Q. Do you know what the result was or what order - did it go in at $.85? A. No, I could not tell yo

Q. Or $.45? A. I could not tell you really.

Q. Presably you could look that up and find out what your order went to Oxulak at, whether he finally ... at ...

THE COURT ADJOURNS: $.85 what?

MR. MORDEN: Q. That would be per yard? A. Yes, per yard.

Q. Well, the next one is dated the 10th of October, 1933, and is from you to W.H. Cook, Dominion Woollens, Toronto:

"We are quoting on our No. 4555 32 1/2 oz blue serge for railway and police uniforms - $2.95 per yard. I believe your contra cloth is No. 880. Would you kindly establish the same price on your cloth if and when quoting?"

A. That is the same cloth we were discussing.

Q. It is the same cloth and apparently the price-

A. That is, July up to October.

Q. Yes, it is 80 cents higher than the Dominion Woollens have quoted but 10 cents higher than your own quotation? A. Yes. Stocks had been advancing ... (illegible) ...

Q. And then you get the agreeable message back on the same day, a message from Mr. Cook to Mr. Dodd dated 5th October, 1933:

"We have altered our price as suggested by you to $2.55."

Now, do you know what the price was that they had quoted? A. Did not know before. I did not know.

Q. Mr. Dodd wires us telling his price and asking them to kindly establish the same price on your cloth if and when quoting and they say we have altered our price? A. You understand, if they don't want to they were not compelled to do so.

Q. I understand you did not have a gun or anything like that? A. I could not say they have got to be pressed at that. If they did not think it was a reasonable price they would not do so.

Q. You did not have any army to call out but you did have tariff protection and if you agreed on the same price other people could not go and import the cloth without paying customs duty, could they? A. No, they could not.

Q. Which makes quite a difference to the man who is buying, to our National Railways, for instance? A. Well, he would not be paying very much more, at any rate.

Q. The next is a wire from Mr. Dodd to Mr. Barrett or Mr. Cook, dated 12th of October, 1933:

"Our class 4564, 20/21 ounce blue cheviot for railroad express mens uniforms, we are quoting at $1.55 per yard. I believe your contra cloth is your quality number 'B'. Will you kindly quote the same price on any en-

ROBT. BRYDIE
CHARTERED ACCOUNTANT
REPORTER
TORONTO - CANADA

"We have altered our price as suggested by you to $2.55."

Now, do you know what the price was that they had quoted? A. Did not know before. I did not know them to kindly establish the same price on your cloth if and when quoting and they say we have altered our price? A. You understand, if they don't want to they were not compelled to do so.

Q. I understand you did not have a gun or anything like that? A. I could not say they have got to be pressed at that. If they did not think it was a reasonable price they would not do so.

Q. You did not have any army to call out but you did have tariff protection and if you agreed on the same price other people could not go and import the cloth without paying customs duty, could they?

A. No, they could not.

Q. Which makes quite a difference to the man who is buying, to our National Railways, for instance?

A. Well, he would not be paying very much more, at any rate.

Q. The next is a wire from Mr. Dodd to Mr. Berrett or Mr. Cook, dated 12th of October, 1932:

"Our class 4884, 2C\2T ounce plus cheviot
[illegible]
[illegible]
[illegible]

quiries."

THE COMMISSIONER: Any answer to that?

MR. McRUER: I do not see an answer to that.

-- Adjourned at 5 o'clock P.M. to resume to-morrow morning, October 29th, 1936, at 10 o'clock.

ROBT. PRYDE
CHARTERED ACCOUNTANTS
TORONTO, CANADA

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary.

SEVENTY-EIGHTH DAY

(October 29th, 1936)

Robert Brydie,
Official Reporter.

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner.

A.S. Whiteley, Secretary.

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel.
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.P. Ballantyne,	For Dominion Textile Company.
S.G. Dixon, K.C.	For Courtaulds, Ltd.
L.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

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Montreal, P.Q.,
Thursday, October 29th, 1936.

-- The Commission resumed at 10 A.M.

J. G. DODD, Examination continued.

THE WITNESS: May I make a correction, Mr. McRuer, of a statement I made.

THE COMMISSIONER: Just a minute; all right, Mr. Dodd ? A. Yesterday you asked me a question, sir, in regard to 4556, the cloth for the railroads --

Q. About what ? A. The cloth for the railroad contracts.

Q. Yes? A. I believe, from my memory, that I made a statement that we only discussed that matter with Dominion Woollens. In talking that over with Mr. Reinwick after I got back last night he told me at some time we had discussed it with Dupon and with Hield, but with what effect he really did not know so I would like to correct that and then look back and see what was done.

BY MR. McRUER: Q. If you will be good enough to do that; tell me, where are Dupont's located ? A. In Toronto.

Q. What is the name of the firm ? A. The Dupont Textile Company.

Q. And the purpose of discussing that with them would be to arrange with them that they would quote the same prices you would ? A. The same prices we would, exactly.

Q. Now, have you the exhibit we were dealing with

Montreal, P. Q.,
Thursday, October 28th, 1926.

-- The Commission resumed at 10 A.M.

E. C. DODD, Examination continued.

THE WITNESS: May I make a correction, Mr. Bowman, of a statement I made.

THE COMMISSIONER: Just a minute; all right, Mr. Dodd ? A. Yesterday you asked me a question, sir, in regard to 4556, the cloth for the railroads --

. About what ? A. The cloth for the railroad contracts.

. Yes? A. I believe, from my memory, that I made a statement that we only disposed that matter with [illegible]. In writing [illegible] Holyoke after I got back last night he told me at some time we had discussed it with Upton and with Field, but with what effect he really did not know so I would like to correct that and then look back and see what was done.

BY MR. Morris: Q. If you will be good enough

A. In Toronto.

Q. What is the name of the firm ? A. The

Q. And the purpose of discussing that with them would be to arrange with them that they would quote the same prices you would ? A. [illegible] would accept.

-- Does [illegible] ability we were dealing with

last night, Mr. Rene ? We will add to that.

ASSISTANT SECRETARY RENE: 764 ?

MR. McRUER: 764.

ASSISTANT SECRETARY RENE: Do you want it?

MR. McRUER: Yes. The next is a message from Dodd to Hallam dated the 30th of November, 1933, my lord.

THE COMMISSIONER: It is a telegram.

MR McRUER: It is one of these teletype messages.

THE COMMISSIONER: From whom ?

MR. McRUER: Dodd to Hallam.

THE COMMISSIONER: That is still part of Exhibit 764?

MR. McRUER: Yes, my lord.

"YOUR MESSAGE. CAN YOU ARRANGE CLOTH MEETING FOR WEDNESDAY MORNING AT TEN-THIRTY, AND WILL THE OTHER MILLS BE PREPARED TO ARRANGE DEFINITE PRICES TO BE USED FOR COMMENCEMENT OF SHOWING OF NEXT SEASON'S CLOTHS ? PRESUME YOUR OFFICE WILL BE AVAILABLE FOR WENDESDAY MORNING"

Apparently, when you held these meetings of the mills in respect to arranging prices you met in Mr.Hallam's office ? A. Correct.

Q. Did he act as secretary for the meetings ? A. He did at times but usually it was one of our own group who kept track of what we were deciding and then handed the message perhaps to Major Hallam or to one of his secretaries. There was no definite understanding on that, but it is just whatever happened.

Just right, Mr. Rene ? We will add to that.

ASSISTANT SECRETARY RENE: V44 ?

MR. MORUMER: V64.

ASSISTANT SECRETARY RENE: Do you want it?

MR. MORUMER: Yes. The next is a message from Dodd to Hollam dated the 30th of November, 1938, my Lord.

THE COMMISSIONER: It is a telegram.

MR MORUMER: It is one of these teletype messages.

THE COMMISSIONER: From whom ?

MR. MORUMER: Dodd to Hallam.

THE COMMISSIONER: That is still part of Exhibit V44?

MR. MORUMER: Yes, my Lord.

"YOUR MESSAGE. CAN YOU ARRANGE CLOTH MEETING FOR WEDNESDAY MORNING AT TEN-THIRTY, AND WILL THE OTHER MILLS BE PREPARED TO ARRANGE DEFINITE PRICES TO BE USED FOR COMMENCEMENT OF SHOWING OF NEXT SEASON'S CLOTHS ? PRESUME YOUR CUTTER WILL BE AVAILABLE FOR [illegible] MEETING"

Apparently, when you held these meetings of the mills in respect We certainly prefer you met in Mr.Hallam's office ? A. Correct.

Q. Did he act as secretary for the meetings ?

A. He did at times but usually it was one of our own group who kept track of what we were handling and then handed the message pertaining to Major Hallam or to one of his secretaries. There was no definite understanding on that, but it is just whatever happened.

Q. That is the way it worked, at any rate, that after the prices had been arranged then a memorandum of that would be handed to Mr. Hallam ? A. To Mr. Hallam in his office and sent out.

Q. And where mills were found to be selling lower than these prices complaints were made to Mr. Hallam, were they not ? A. Exactly.

Q. That was the arrangement, that he would follow up these complaints and see whether they were justified or not ? A. Right.

Q. That is correct ? A. Quite correct.

Q The next is a message dated the 4th of December, 1933, from Mr. Dodd to Guard; Guard is whom ? A. The Toronto salesman.

Q. The Toronto salesman for Patons ? A. Yes.

HIS COMMISSIONER: What is the name ?

MR.McRUER: Guaid, my lord.

"TIP TOP -- WHEN TALKING WITH DUNKELMAN FRIDAY NIGHT HE TOLD ME HE WAS IN THE MARKET FOR 500 PIECES OF 17 OUNCE BLUE SERGE."

Now, Dunkelman was the Manager of the Tip Top Tailors, was he ? A. Right.

Q. And they aremanufacturers in a large way of men's suitings, that is correct, suits ? A. Yes, quite correct.

Q. "I QUOTED HIM $2.07 1/2 ON CLASS 4535, BUT WHEN IN SHERBROOKE SATURDAY MORNING I ARRANGED WITH MR. BOOTH TO SEND HIM A SUIT LENGTH."

MR. KELLOCK: Send you a suit length.

MR. McRUER: "Send you a suit length."

THE COMMISSIONER: Send you what ?

MR. McRUER: A suit length. "-- OF ESTIMATE NO. 1460 W WHICH IS FULL 17 OUNCE, OF A QUALITY WE LIKE BETTER THAN CLASS 4535, ON WHICH YOU QUOTE HIM, $2.05. THIS IS THE PRESENT ARRANGED MINIMUM PRICE "

MR. KELLOCK: Basis.

MR. McRUER: "BASIS FOR 17 OUNCE SERGE.

"I WILL BE IN TORONTO TOMORROW MORNING FOR AN EXECUTIVE MEETING OF THE WOOLLEN ASSOCIATION, AND ON WEDNESDAY MORNING WE ARE HAVING A MEETING OF THE MILLS TO ARRANGE PRICES FOR SPRING, AND MY IDEA IS TO ADVANCE ALL CLOTHS, INCLUDING SERGES, SO THAT DUNKLEMAN WILL HAVE TO MAKE UP HIS MIND BETWEEN NOW AND THEN WHETHER HE IS TO PLACE THIS ORDER OR NOT, BECAUSE IF PRICES ADVANCE AT THE WEDNESDAY MORNING MEETING WE WILL, OF NECESSITY, HAVE TO ADVANCE THE ABOVE PRICE. WILL YOU MAKE AN EFFORT TO SEE HIM TODAY, I WILL BE SEEING YOU TOMORROW MORNING."

Now, the price for this cloth as set out in the memorandum of the 9th of June, 1933 was what , Mr.Dodd ?

A. That would come under 17 oz., $1.67½ in June.

Q. $1.67½ in June. Can you get me those other two exhibits ? They must have been attached to the big one. Mr. Kellock put them in. There is one of the 8th of August, and the other one of the 12th of October ? A. Pardon, I am sorry, this quality of cloth we are speaking of is 70's, 70's quality top. On 70's

quality there is an advance of 7½ cents a yard over this price so that would bring that to $1.75.

Q. $1.75; now, you are referring to which one? A. Both of these, both of these are made of 70's quality tops, and 70's quality tops is an advance of 7½ cents over 64's. The basis on the list are made from 64's tops.

Q. Then, it should be a minimum price in June of $1.75 ? A. $1.75, right.

Q. And in December it was apparently $2.05 ? A. Yes.

Q. And you were planning an advance at the next meeting ? A. Exactly.

Q. Just let me see the position that Tip Top Tailors would be in. All the mills that were manufacturing the type of suitings that you were dealing with here, or practically all the mills were members of this price group ? A. Well, they were not all members. There were six different members of the group.

Q. Six different members of the group? A. There were others that were not in the group.

Q. Yes, I know, but were they manufacturing this type of cloth that you are dealing with here ? A. Very few of them; I don't know of any of them that made 70's quality cloth except ourselves. The others made 64's usually. They could have made 70's but I don't think they did.

Q. Did Dominion Woollens and Worsteds not make 70's ? A. So far as I know they don't.

quality there is an advance of 7½ cents a yard over this price so that would bring that to $1.75.

Q $1.75; now, you are referring to which one? ... both of these, both of these are made of 70's quality tops, and 70's quality tops is an advance of 7½ cents over 64's. The basis on the list are made from 64's tops.

Q. Then, it should be a minimum price in June of $1.75 ? A. $1.75, right.

Q. And in December it was apparently $2.05 ?

A. Yes.

Q. And you were planning an advance at the next sitting (.. quality.

Q. Just let me see if a position that Kip Top Tailors would be in. All the mills that were manufacturing the type of suitings that you were dealing with here, or practically all the mills were members of this price group ? A. Well, they were not all members. There were six different members of the group.

Q. Six different members of the group? A. There were others that were not in the group.

Q. Yes, I know, but were they manufacturing this type of cloth that you are dealing with here ?

A. Very few of them; I don't know of any of them that made 64's quality cloth except possibly. The others made 64's usually. They could have made 70's but I don't think they did.

Q. Did Dominion Woollens and Worsteds not make 70's ? A. So far as I know they don't.

Q. You don't know whether they did ? A. I don't know.

Q. But you see, what you are saying to Guard here is that you are planning a meeting of the mills to arrange prices for Spring ? A. Yes.

Q. "AND MY IDEA IS TO ADVANCE ALL CLOTHS" A. Yes.

Q. "Including serges, so that Dunkelman will have to make up his mind between now and then whether he is to place this order or not, because if prices advance at the Wednesday morning meeting we will of necessity, have to advance the above price." So that if the prices were advanced at the meeting of the mills you would have to advance the price you were quoting to Dunkelman, and willing to sell at to Dunkelman that day ? A. Right.

Q. And if he did not take it then he would have to buy at the higher price ? A. Right.

Q. That is right ? A. We were taking a chance on what we could buy and fill in on that order.

Q. Now, the next is a wire or message from you to Barrett dated the 16th of December, 1933.

THE COMMISSIONER: That is Dominion Woollens ?

MR. McRUER: Mr. Barrett of Dominion Woollens.

THE COMMISSIONER: What is the date ?

MR. McRUER: December 16th, 1933, my lord. It reads as follows:

CANADIAN NATIONAL -- TRADE ARE ASKING FOR PRICE FOR CONTRACT ON OUR CLASS 4563-18 OUNCE AND 4556-22 OUNCE BLUE SERGE, - YOUR CONTRA

Q. But you see, what you are saying to Ogard here is that you are planning a meeting of the mills to

A. Yes.

Q. "Including surges, so that Dunkelman will have to make up his mind between now and then whether he is to place this order or not, because if prices advance at the Wednesday morning meeting we will of necessity, have to advance the above price." So that if the prices were advanced at the meeting of the mills you would have to advance the price you were quoting to Dunkelman, and willing to sell at to Dunkelman that day ?

A. Right.

Q. And if he did not take it then he would have to buy at the higher price ?

A. Right.

Q. That is right ?

A. We were taking a chance on what we could buy and fill in on that order.

Q. Now, the next is a wire or message from you to Barnett dated the 18th of December, 1928.

THE COMMISSIONER: That is Dominion Woollens ?

THE COMMISSIONER: What is the date ?

MR. MORLEY: December 18th, 1928, my Lord. It reads as follows:

"CANADIAN NATIONAL -- TRADE ARE ASKING FOR

CLOTHS NO. 889 AND NO. 881 RESPECTIVELY. As THESE CONTRACT CLOTHS ARE NOT COVERED UNDER OUR GENERAL ARRANGEMENT WILL YOU PLEASE LET ME KNOW WHAT PRICES YOU WOULD LIKE TO ADOPT."

Now, the trade was evidently asking for quotations on cloths to make suitings for the Canadian National Railways.

Q. That is correct, is it ? A. Yes.

Q. And you had two qualities that were suitable, your No. 4563, 18 ounce ? A. Yes.

Q. And 4556, 22 ounce, blue serge; that is correct ? A. Yes.

Q. The contra cloths you call them, that would be the competing cloth of the Dominion Woollens, would it not ? A. Right.

Q. Is No. 889 and No. 881 respectively; that is the Dominion Woollens and Worsteds Number for those cloths ? A. Those cloths.

Q. Style number, and you are asking -- you said they don't come under the general arrangement; what is it you meant by that, Mr. Dodd ? A. Under this list which you have just had here.

Q. That is under the lists agreed on by the price group ? A. They are not included in the price group.

Q Not included in the price group ; well, all right, that is all right. You are asking him to let you know what prices he would like to adopt ? A. Yes.

Q. That is for the purpose of quoting to these contractors who were going to make clothes for the

DIGEST No. 230 and No. 231 Non-EXCLUSIVE. We
have SAMPLES OF THE CLOTHS for the 2 Y/S in DIGEST
for GENERAL ARRANGEMENT WITH Mr Hawk CAT'S
KNOW more TAILORS YOU COULD LIKE TO SHOP."
Now, there was evidently reading for quotation
or cloths to make suitings for the Saxonian Mutual
Building.

Q. That is correct, is it ? A. Yes.

Q. And you had two qualities that were suited,
Your No. 4356, 12 ounce ? A. Yes.

Q. And 4356, 22 ounce, blue serge; that is our
cost ? A. Yes.

Q. The cotton cloths you call them, it would
be the competing cloth of the Dominion woollens, would
it not ? A. Right.

Q. In No. 230 and No. 231 respectively; that is
the Dominion woollens and Saxonian Number for those
cloths ? A. Those cloths.

Q. Style number, and you are asking -- You said
they don't come under the general arrangement; what
is it you meant by that, Mr. Todd ? A. Under the
list which you have just been.

Q. That is under the lists agreed on by the trade
group ? A. They are not included in the price
group.

Q. Not included in the price group ; well, all
right, that is all right. You are asking him to let
you know what prices he would like to accept ? A. Yes.

Q. That is for the purpose of getting to those
[illegible] the cheapest way to make clothes for the

Canadian National ? A. Quite right.

Q. Now, I don't see the reply to that; I wonder if I have overlooked that ? A. You mean from Dominion ?

Q. Yes? A. They may have telephoned it.

Q. The next wire I have is on the same date about ten minutes later; well, I don't see it in any case. You say they may have telephoned it ? A. It is quite possible.

Q. Of course, your message would go to your office and be telephoned to Barrett so he might telephone directly to you ? A. It is quite possible.

Q. Well, I have some correspondence and it may be in the correspondence, but we will deal with that after we are through twith these wires. The next is a message from Hallam to Dodd dated the 16th of December, 1953.

"HILLD BROS., CANNOT ATTEND MEETING WEDNESDAY AND STATE THEIR ATTITUDE SAME AS AT LAST MEETING. THEY SUGGEST POSTPONING MEETING UNTIL THE NEW YEAR. DO YOU AGREE? IF SO SHALL WE POSTPONE TOWEL MEETING."

THE COMMISSIONER: Postpone what ?

MR.McRUER: Towel meeting; now, just tell me , Mr. Dodd, what you had reference to -- no, this is Hallam -- what Hallam had reference to in respect to the towel meeting ? A. Well, we have a method of costings which we discuss with Stauffer-Dobbie and Dominion Fabrics.

Q. Yes ? -- A. It is largely the method of

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Canadian Electrical ? A. Quite right.

Q. Now, I don't see how reply to that; I wonder if I have overlooked that ? A. You mean from

5 A. Yes? A. They may have telephoned it.

Q. The next wire I have is on the same date about ten minutes later; well, I don't see it in any case. You say they may have telephoned it ? A. It is quite possible.

10 Q. Of course, your message would go to your office and be telephoned to Barrett so he might telephone directly to you ? A. It is quite possible.

Q. Well, I have some correspondence and it may

15 after we are through with these wires. The next is a message from Milton to Dodd dated the 16th of December, 1856.

20

25 MR.MONDER: Tuesl meeting; now, just tell me ,

THE GENERAL MANAGER: Possible what ?

30

costing, laying out yarns and laying out the percent of colour each one can adopt.

THE COMMISSIONER: Q. What is that ? I didn't hear that ? A. It is in connection with the manufacture of towels with regard to Stauffer-Dobbie of Galt and DominionFabrics of Dunville, it is rather the cost system worked out for to use certain yarns, a certain percent of colour, it is Terry towels I am speaking about, bath towels, and each firm makes them according to their own idea but they follow a certain costing system in arriving at their prices, but there is a variation between one mill and the other as to how that mill manufactures, what yarn they use, what number of threads they use per inch and the percentage of colour used in connection with the white yarns in that towel.

Q. Do they all sell at the same price ? A. Not necessarily, my lord; It is true if we all happen to make identically the same towel --

Q. Oh yes, I see ? A. -- they would work out to practically the same or the same.

Q. There is an arrangement about cost ? A. Well I suppose in a measure it is.

Q. Isn't that what you said ? Is that not what you said ? A. No, I said it is the costing system that we arrive at.

Q. Well, I know, but you arrive at -- A.Well, if one firm doesn't use exactly the same yarns to make the same towel or the same percentage of colour as another mill -- that is left to each mill itself. There

counting, laying out yarns and laying out the percent of colour each one can accept.

THE COMMISSIONER: Q. What is that? I didn't hear that? A. It is in connection with the manufacture of towels with regard to stuffer-dobbie of cost and boring machines of buffalo, it is better the cost system worked out for to use certain yarns, a certain percent of colour, it is terry towels I am speaking about, both towels, and each firm makes them according to their own idea but they follow a certain costing system in carrying out their orders. But there is a variation between one mill and the other as to how they will manufacture, what yarns they use, what number of threads they use per inch and the percentage of colour used in connection with the white yarns in that towel.

Q. Do they all sell at the same price? A. Not necessarily, My Lord; it is true if we all happen to make identically the same towel --

Q. Oh yes, I see? A. -- they would work out to practically the same or the same.

Q. There is no [illegible] A. [illegible] I suppose in a measure it is.

Q. [illegible] A. No, I said it is the costing system that we arrive at.

Q. [illegible] A. [illegible] if one firm doesn't use exactly the same yarns to make the same towel or the same percentage of colour as another mill -- that is left to each mill itself. The

is no control or attempt to control what everyone of us makes.

Q. What would you agree on ? What was the use of getting together ? A. It would bring our prices fairly close one to the other but not necessarily exactly the same price.

MR. McRUER: We have some correspondence on that and I will go into it later, my lord, under a separate subject.

THE COMMISSIONER: I just wanted to understand that.

MR.McRUER: Yes, it just occurred in this telegram about the towel meeting ? A.That is what it was.

Q. It had nothing to do with blue serves? A.Nothing whatever, a separate thing entirely.

Q. So we will come to that later on, and I am also correct in this, Mr. Dodd, that in respect to your reference to the towel meeting that was something that pertained to the business of the Dominion Textiles and not to Patons? A. Not to Patons, not whatever, Mr.McRuer, that is a separate thing altogether.

Q. Patons had nothing to do with towels; the people who manufacture towels are not Patons ? A. No.

Q. So you were rather in your dual capacity ? A. Yes, I suppose so, Dr. Kekyll and Mr. Hyde.

Q. Well, I would not say that ? A. Not quite so bad as that.

Q. Oh, no. The next my lord, is a message, a teletype message from Dodd to Guard. Guard would be in Toronto, wouldn't he? A. Yes.

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CANADA

is no control or attempt to control that everyone of us makes.

Q. Just what would you suppose is ? What was the use of getting together ? A. It would bring our prices fairly close one to the other but not necessarily exactly to the same price.

MR. [illegible]: We have some correspondence on that and I will go into it later, my lord, under a separate [illegible].

THE COMMISSIONER: I just wanted to understand [illegible].

[illegible]: Yes, it just occurred in this telegram about the towel meeting ? A. That is what it was.

Q. It had nothing to do with bins nerves? A. Nothing whatever, a seperate thing entirely.

Q. So we will come to that later on, and I am also correct in this, Mr. Judd, that in respect to your reference to the towel meeting that was something that pertained to the business of the Dominion Textiles and not to Patons? A. Not to Patons, not with-over, Mr.Meighen, that is a seperate thing altogether.

Q. Patons had nothing to do with towels; the people who manufacture towels are not Patons ? A. No.

Q. So you were rather in your dual capacity ?

A. Yes, I suppose so, Dr. Kellyil and Mr. Hyde.

Q. Well, I would not say that ? A. Not quite so bad as that.

Q. Oh, no. The next my lord, is a message, a teletype message from Judd to Guard. Guard would be in Toronto, wouldn't he? A. Yes.

c. The salesman in Toronto, dated the 21st of December, 1933.

THE COMMISSIONER: What date ?

MR. McRUER: The 21st of December, 1933.

"WILL YOU SEND TO COOK, DOMINION WOOLLENS, AND CRAIG OF BARRYMORE, SMALL SAMPLE OF CLASS 5940 OVERCOATING.

"DID NOT LEAVE THE MEETING UNTIL QUITE LATE YESTERDAY AFTERNOON, BUT NO DEFINITE PRICES ARRANGED YESTERDAY EXCEPTING THAT ADVANCE MUST GO INTO EFFECT BEFORE SHOWING FOR NEXT SEASON. BOTH BARRYMORE AND DOMINION WOOLLENS IN FAVOR OF ARRANGING PRICES ON WOOLLEN GOODS WITH PATON."

Page 10895 follows.

So that apparently the advance forecasted in the previous message I read was agreed upon at a meeting on the 20th December, 1933 ? A. I must explain that to make it clear to you and to Your Lordship. This group, which we call the worsted group, only covers such cloths as blue serges, grey mixture serges, and what we call in the trade piece dyed fancies, which is nothing more or less than a piece of blue serge into which has been woven certain decoration threads both in the warp and weft -- it can be either way or both ways, and sometimes warp only, but usually there is a warp decoration and a weft decoration. It is woven into the cloth on a loom, and after completion it is dyed just like a piece of ordinary blue serge. It was these three classes only that were covered by this group. Woollen overcoatings, top coatings and such lines were not included in that group.

Q. Was there a group covering overcoatings and suitings? A. No, there was no other group. There was a discussing between Barrymores, Dominion Woollens and ourselves, and we did exchange information and samples, but it was found that there was such a diversified construction of these particular cloths that we had just to drop any consideration of making any definite prices.

Q. So it was on account of the dissimilarity of the cloths you constructed that you were unable to get together on the question of price? A. It was impossible to get together, but we did continue, I must tell you, from time to time, to send them

I must tell you, from time to time, to send them
so that generally the advance foreseen in the
proof as message I read was agreed upon at a meeting
of the 30th December, 1938 ? A. I must explain
that to make it clear to you and to your lordship.
This group, which we call the worsted group, only
covers such cloths as fine serges, grey mixture
serges, and what we call in the trade piece dyed
lenoles, which is nothing more or less than a piece
or fine serge into which has been woven certain
decoration threads both in tweed and wool --
it can be either way or both ways, and sometimes
warp only, but usually there is a warp decoration
and a weft decoration. It is woven into the
cloth on a loom, and after completion it is dyed
just it a piece of ordinary fine serge. It
was these the e classes only that were covered
by this group. Woollen overcoatings, top coatings
and such lines were not included in that group.
Q. Had there a group covering overcoatings
and suitings? A. No, there was no other group.
There was a discussing between Bertram Mackenzie,
woollens and ourselves, and we did exchange information
and samples, but it was found that there was
such a diversified construction of these particular
cloths that we had just to drop any consideration
of making any definite prices.
Q. So it was on account of the dissimilarity
of the cloths you counteracted that you were unable
to get together on the question of price? A. It
was impossible to get together, but we did sometimes.

our samples, and they sent us theirs, with their prices, so that we each would actually know what prices were being quoted on respective cloths, and would not be misled by being told differently from outside. But there was no effort to control what we made our prices or what they made theirs.

Q. In respect to what? A. All woollens. That included all woollen fabrics of any description and all fancy worsted fabrics. That is dyed yarns and worsted fabrics.

Q. Except serges? A. The blue serges which are a plain grey, and grey serges which are a mixture, and the fancy piece dyes, which are a blue serge with a decoration thread.

Q. You are able to get together on these? A. These were more simple.

Q. But not on the others? A. The others we were not able to get together on.

Q. This telegram refers to a price advance. That would be on the blue serges? A. Yes. That would be on the lines that we discussed among ourselves.

Q. It continues:

"Did not leave the meeting until quite late yesterday afternoon but no definite prices arranged yesterday excepting that advance must go into effect before showing for next season. Both Barrymore and Dominion Woollens in favour of arranging prices on woollen goods with Paton."

An advance had been agreed upon, but not

our samples, and they went on theirs, with their
prices, so that we took would actually know what
prices were being quoted on respective clothes, and
would not be misled by being told fibre only from
outside. But there was no effort to control what
we made our prices or what they were basing.

Q. In respect to what? A. All
woollens. That included all woollen fabrics of any
description and all fancy worsted fabrics. That is
dyed yarns and worsted fabrics.

Q. Except serges? A. The blue
serges which are a plain grey, and grey serges which
are a mixture, and the tweed piece dyes, which are a
line serge with a decoration thread.

Q. You are able to get together on these?
A. There were more simple.

Q. But not on the others? A. The others
were not able to get together on.

Q. This telegram refers to a price advance.
What would be on the blue serges? A. Yes.

What would be on the lines that we discussed among
ourselves.

Q. It do times:

"Did not leave the meeting until quite late
Yesterday afternoon but no definite prices
arranged yesterday excepting that advance went
into effect before showing for next season.
With Barrymore and Dominion Woollens in
favour of arranging prices on woollen goods
with Eaton."

A. advance had been agreed upon, but not

the amount of the advance? A. We had agreed that an advance should take place owing to market conditions.

Q. That would be at least the third advance starting with the advance on June 9, 1933 ?

A. Without looking it up I could not say definitely.

Q. There was one before the 8th of August, another before the 12th of October, and now we are in December; that makes three. A. In 1933 we had a very high climbing market. It started to climb and continued right up to February of 1934. There were many changes during that period, but just how many I am unable to say.

Q. Next is a message from you to Mr. Hallam dated the 2nd of January, 1934, as follows:

"Evans just called me to say they want to make the minimum prices as follows -- "

That would be Col. Evans whom we mentioned yesterday?

A. Of St. John Textiles.

Q. The message continues:

"15 oz. fancy piece dye, single filling 64's, warp decoration only, - $1.82½ ; weft and warp decoration, - $1.97½.

They are not interested in the 14 oz. single filling, but want the minimum prices on 14 oz. 2-ply warp and weft, $2.10 for warp decoration only and $2.20 for warp and weft decoration.

We are willing to adopt these prices and also to make the 14 oz. single filling $2.00 for warp decoration and $2.10 for warp and weft decoration provided of course that Barrymore and Dominion Woollens will also adopt these as minimum prices and put five cents or more advance over those minimums for general trade."

ROBT. BRYDIE
CHARTERED ACCOUNTANT
SECRETARY

TORONTO - CANADA

What is it you mean by that, that you are willing to adopt these prices if Barrymore and Dominion Woollens will adopt these minimum prices and put five cents or more advance on these minimums for the general trade? A. Those prices were discussed. It would be an advance from the minimum prices at which anybody would sell goods.

Q. Then there would be a sort of tacit understanding that five cents or more advance would be charged to the general trade? A. To the general trade.

Q. That is correct, is it? A. That is quite correct. I must state that very frequently subsequently minimum prices were actually set below mill costs.

Q. You are not complaining that the Paton Manufacturing Company have done business at a loss over this period of year? A. At times in certain years we were making losses.

Q. At times you have, and at times you have not, but on the average you have done pretty well. A. We have not made very much money. We shall be glad to show you the figures. But you have them.

Q. We have them. A. And I think you will agree with me that the company made very little money over a period of twelve years.

Q. The last paragraph of this telegram reads:

"Will you ask Craig and Cook if they are sending me today samples and prices of their overcoatings and topcoatings. We have ours prepared and could send them out today or tomorrow"

What is it you mean by that, that you are willing to adopt those prices if Dominion Woollens will adopt these minimum prices and put live sense a more advance on these minimums for the general trade? A. Those prices were discussed. It would be an advance from the minimum prices at which anybody could sell goods.

Q. Then there would be a sort of tacit understanding that five cents or more advance would be charged to the general trade? A. To the general trade.

Q. What is correct, is it? A. That is quite correct. I must state that very frequently subsequently minimum prices were actually set below mill costs.

Q. You are not complaining that the Eaton Manufacturing Company have done business at a loss over this period of years? A. At times in certain years we were making losses.

Q. At times you have, and at times you have not, but on the average you have done pretty well. A. We have not made very much money. We shall be glad to show you the figures. But you have them.

Q. We have them. A. And I think you will agree with me that the company made very little [illegible].

Q. The last paragraph of this telegram reads: "Will you see Orsic and book if they are sending me today samples and prices of their [illegible]. We have cuts [illegible] send them out today or

A. That follows what I said. We did exchange samples and prices on thes woollen goods while not arriving at any definite selling price between us.

Q. You mean, not arriving at a selling price between you that would be identical? A. In any w way.

Q. Because there were variations in the types of cloth? A. We made our prices and they made theirs and we exchanged the information one with the other.

Q. Next is a wire from Mr. Dodd to Mr. Hallam dated January 3, 1934, reading as follows:

> "Have agreed with Evans that all fancy piece dyes, including 12 oz., both 60's and 64's wuality, warp decoration, also warp and weft decoration, single and two ply, to advance five cents all round as minimum basis over prices as set forth in your memorandum dated December 27th, also provided that prices generally quoted will be at least five cents a yard over the new minimum basis.
>
> Please let me know quickly whether the others are in agreement with this advance, including Dupont."

What apparently took place here was that there was a memorandum got out by Hallam, dated December 27, with a revision of the minimum basis of prices ? A. I would expect so from that message. I cannot recollect the list, but that is no doubt what occurred.

Q. Yes, and then apparently you agreed with Evans to advance five cents a yard over that

A. That follows what I said. We did exchange samples and prices on this woollen goods while out [illegible] be the only buyers we

Q. You mean, not arriving at a selling price between you that would be identical? A. In any way.

Q. Because the e were variations in the types of cloth? A. We made our prices and they made theirs and we exchanged the information one with the other.

Q. Next is a wire from Mr. Dodd to Mr. Dallen dated January 5, 1914, reading as follows:

"Have arrived with terms that all fancy piece dyes, including 12 os., both 60's and 64's quality, very decoration, plus warp and weft decoration, single and two ply, to advance five cents all round as minimum basis over prices as set forth in your memorandum dated December 27th, also provided that prices ultimately quoted will be at least five cents a yard over the new minimum basis.

Please let me know quickly whether the others are in agreement with this advance, including Dupont."

What apparently took place here was that there was a memorandum got out by Dallen, dated December 27, with a revision of the minimum basis of prices ?

A. I would expect so from that message. I cannot recollect the fact, but that is no doubt what occurred.

Q. Yes, so that [illegible] agreed with

[illegible]

minimum? A. In recalling the circumstances, I can only assume something, that probably Evans and I were not in accord over the list of December 27, and that we discussed some other ideas which we sent on to Mr. Hallam for the consideration of the others.

Q. That is, Evans and you thought that the minimum list of December 27 was not high enough, and you were adding five cents to it? A. I am assuming that, but I would have to see the list before I could say definitely.

Q. Where would this list be? I would like a complete set, if we could get them, Mr. Dodd.

MR. KELLOCK: We have them all here that we can file.

MR. McRUER: Let us see the one of December 27, if you have it. Probably my lord, these might all go in together as one exhibit.

THE COMMISSIONER: That will be Exhibit 765. What do you call them, price lists?

MR. KELLOCK: Memoranda as to prices.

MR. McRUER: For the sake of not quarrelling about it, for it does not make much difference, we could call them price memoranda.

EXHIBIT 765: Price memoranda

BY MR. McRUER: Q. We have one here dated December 7, 1933. A. These were referred to when I was discussing piece dye fancies. They would come over on this page (indicating). I have not looked over the list but there is a variation of ten cents, I believe, between warp and weft decoration. Yes, that is right. Here it is (indicating).

Q. Your telegram states that you and Evans have agreed to advance five cents all round as minimum basis over prices "as set forth in your memorandum dated December 27, also provided that prices generally quoted will be at least five cents a yard over the new minimum basis." What do you mean by "prices generally quoted?" A. That is the prices quoted to the general trade. These are only minimum prices to which we have to come when it is necessary.

Q. But you told me that you had a tacit arrangement for five cents a yard over these minimums would be quoted. A. It is left to everybody to advance what they see fit except that they must go at least five cents over.

Q. I see. Now take that 12-ounce 60's? A. $1.60.

Q. And in red ink is written $1.65. A. That is what we proposed, five cents over that other price. Evidently Col. Evans and I could not have been in Toronto when they made up that list. Perhaps the meeting was during the holidays or we could not get away, but the others attended and we gave our views afterwards.

Q. Then we have a message of the same date, but five minutes later, from Mr. Dodd to Mr. Hallam, dated January 5, 1934.

THE COMMISSIONER: Now you are going back to Exhibit 764?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: And the message is from Mr. Dodd to Mr. Hallam.

MR. McRUER: Yes, it says reads:

Q. Your reference says that you on [illegible]

to minimum basis over prices "as set forth in your memorandum dated December 27, also provided that prices generally quoted will be at least five cents a yard over the new minimum basis." What do you mean by "prices generally quoted"?

A. That is the prices quoted to the general trade. There are only minimum prices to which we have to come when it is necessary.

Q. But you told me that you [illegible] cent and five cents a yard over these minimums would be quoted. A. It is left to everybody to advance what they are fit except that they must go at least five cents over.

Q. I see. Now take that 14-ounce 60's?

A. $1.60.

Q. And in red ink is written $1.65.

A. That is what we proposed, five cents over that other price. Privately Col. Evans and I could not have been in Toronto when they made up that list. Perhaps the meeting was during the holidays or we could not get away, but the others attended and we gave our views afterwards.

Q. Then we have a message of the same date, but five minutes later, from us. Read to Mr. Heflam, dated January 5, 1934.

THE COMMISSIONER: Now you are going back to Exhibit 964?

MR. [illegible]: Yes, 964.

Q. [illegible] Yes, it was sent

"Dominion Woollens' overcoating samples received but not Barrymore's. If they arrive in next mail I think we should be in a position to reconcile prices early this afternoon. Would su gest Craig and Cook meet in your office at some arranged time, letting me know so that we can discuss this matter by telephone when they are together.

A set of our overcoatings and topcoatings mailed Dominion Woollens and Barrymore last night."

That would rather look, Mr. Dodd, as though you were getting pretty close together on the overcoatings as well? A. I explained a short while ago that we discussed the matter but found that we could not get together. It was not feasible. However, we continued to send our samples and our prices along to each other.

Q. I see, and this telegram refers to that effort? A. To that effort.

Q. But not to its success? A. Not to its actuality or success, or whatever you call it.

EXHIBIT 764, Part 18: Message from Mr. Dodd to Mr. Hallam, dated January 3, 1934.

BY MR. McRUER: Q. The next is a telegram from Mr. Dodd to Mr. Hallam, dated January 4, 1934, reading as follows:

"Have just been talking with Craig of Barrymore. Have now arranged for five cents a yard advance over minimum prices of December 27th, effective immediately. Will

you kindly send out new list confirming this to the various members. It is understood t at the general list will be five cents to 7½ cents advance over the new minimum basis.

Have also reached a mutually satisfactory arrangement on overcoatings."

EXHIBIT 764, Part 19: Telegram from Mr. Dodd to Mr. Hallam, dated January 4, 1934.

BY Mr. McRUER: Q. So evidently from that telegram, Part 19, Exhibit 764, your efforts, Mr. Dodd, in respect to overcoatings were attended with some success anyway. A. Only to the extent that we decided to exchange this information between us. That was the measure of the success.

MR. KELLOCK: That is as to samples.

BY MR. McRUER: Q. It was evidently mutually satisfactory. A. It was. That was the final arrangement at which we arrived.

Q. The next is a teletype dated January 27, 1934, from Mr. Dodd to Mr. Guard -- that is your Sales Manager ? A. Yes, in Toronto.

Q. It reads as follows:

"Class 4565 and 4556 -- Hamilton Fire Department --

Those would be your style numbers? A. Yes, sir.

Q. It continues:

"As we had agreed to hold prices open until February 10th we naturally cannot now make any change upward to those firms to whom you have quoted for contract. Will you let

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO

Mr. Brydie

You kindly send out new list omitting this to the various dealers. It is understood that the quarterly list will be five cents to 75¢ cents during the new auction basis.

Have also received a letter from Mr. Lea [illegible]

Exhibit [illegible] Company Case Mr. Lea to Mr. Wellman, dated January 4, 1934.

BY Mr. Beaudin: Q. So evidently from that telegram, Part 39, Exhibit 764, your efforts, Mr. Todd, in regard to ownership have attested with some success anyway? A. Well, to the extent that we decided to adjudge this [illegible] motion between us. That was the measure of the [illegible].

Mr. Wilson: That is as to services.

BY Mr. Beaudin: Q. It was evidently mutually satisfactory. A. It was. That was the final arrangement at which we arrived.

Q. The next is a telegram dated January 27, 1934, from Mr. Todd to Mr. Gould -- that is Your Swiss Manager? A. Yes, in Toronto.

Q. It reads as follows:

"[illegible] -- Hamilton Vice Department --

Those would be your style numbers? A. Yes, A1.

Q. It continues:

"As we had agreed to hold prices open until February 10th we naturally cannot now make any changes wanted to [illegible]

me know today who they are and the prices quoted so I can send word to Mr. Cooke for Monday morning, as I think he should know in view of our discussion yesterday."

Mr. Cooke, of course, was Dominion Woollen and Worsteds ? A. Right.

Q. Can you tell us just what that means? A. I can only rely on my memory, but I think I am probably right in saying that the Fire Department of Hamilton had evidently asked for clothing contracts, and we had apparently quoted them prices which we had to leave open until a certain date.

Q. That is leave open for their acceptance? A. Open for their acceptance.

Q. In the message it says that you had agreed to hold prices open until February 15th, and that date is struck out and February 10th put in in pencil. A. Whatever it was.

Q. Then you asked them, "Will you let me know today who they are." A. That is the contractors to whom he quoted. The Hamilton Fire Department were letting contracts and were quoted prices, and I would not know in Montreal to whom th se prices were going.

Q. At any rate you wanted to know who they were and the prices quoted. A. Theprice he quoted.

Q. "So I can send word to Mr. Cooke for Monday morning, as I think he should know in view of our discussion yesterday." That was so that yo could send word to Mr. Cooke of the prices that you

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had quoted for the fire department suitings. Evidently you had some discussion the day before and then you wanted to let Mr. Cooke know right away. A. That does not stay in my memory, but those must have been the circumstances.

EXHIBIT 764, Part 20: Message from Mr. Dodd to Mr. Guard, dated January 27, 1934.

BY MR. McRUER: Q. Then we have another wire from you to Mr. Guard, dated February 2, 1934, reading as follows:

"Class 4556 -- As the price of $2.90 was arranged with Dominion Woollens, we would be agreeable to holding price open until March 1st, providing they are agreeable. You will have to arrange this with Mr. Cooke. Let me know what you do."

Can you tell me what that is about? A. It is the same thing. It is a contract with the price evidently left open to a certain date, and we were willing to do it.

Q. You were agreeable to selling it at a lower price up to a certain date if they were agreeable to doing it? A. Exactly.

Q. But if they wanted to advance the price -- A. I cannot say what I might have done in those circumstances, but evidently from this message we had agreed to hold the price open until that date.

Q. Provided they are agreeable? A. That may have been just words in there. I do not see why we would not; we have always done so.

EXHIBIT 765, Part 21: Telegram from Mr. Dodd to Mr. Guard, dated February 2, 1934.

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but prefer to use Government writing.

actually, we have no recollection one way before
our then your counsel is set in. Does that right
now.

A. That does not stay in my memory,
but there must have been the other answer.

BY MR. [illegible]: Q. Then we have another fire
from you to Mr. Burt, dated February 5, 1926,
reading as follows:

"Union 4006 -- re the policy of $2,00 was
arranged with Canadian Surety, we would be
agreeable to holding this open until March
1st, provided they are agreeable. You will
have to arrange this with Mr. Cook. Let me
know what you do."

Can you tell me what that is about? A. It is
the same thing. It is a contract with the price
evidently left open to a certain date, and we were
willing to do it.

Q. You were agreeable to selling it at a lower
price up to a certain date if they were agreeable
to doing it? A. Exactly.

Q. But it was wanted to advance the price --

A. I cannot say what I might have done in those
circumstances, but evidently from this memo we
agreed to hold the price open until that date.

Q. [illegible] A. That
may have been just a fix in there. I do not see why
we would not; we have always done so.

[illegible]

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BY MR. McRUER: Q. The next is a message from you to Mr. Hellam, dated February 14, 1934, reading as follows:

"Cooke clothing -- Have asked us for one per cent discount for an extra month on overdue account. We are refusing it as I believe this is part of the Association's understanding with each other on terms. Is that correct?"

Now why were you wiring to Mr. Hellam to find out whether you could give one of your customers one per cent discount for an extra month? A. If you will remember, in June, 1933, part of that understanding was that terms were to be two per cent cash discount, and we would not have the right to give an extra one per cent to anyone.

Q. In other words you considered that if you had acceded to Cooke's request for one per cent discount for an extra month you would be breaking the terms of the agreement between you and the other mills? A. Exactly, the terms.

MR. KELLOCK: Not between him and the other mills. The documents speak for themselves. It was not between Mr. Dodd and the other mills.

MR. McRUER: Mr. Dodd is the witness, and not Mr. Kellock. But I want to be perfectly fair.

BY MR. McRUER: Do you not refer, Mr. Dodd, to the agreement that existed among the mills, the agreement between one another in regard to these prices? A. Not as we originally constituted it.

Q. I do not care about how you originally

constituted it, but as it worked out. A. It continued in that way throughout the period or life of this understanding. It is true these men sat down, we all sat down together, and made these prices, and I explained a little while ago that we gave a memorandum to Mr. Hallam.

BY THE COMMISSIONER: Q. What harm would you do to Mr. Hallam by not keeping this agreement? A. No direct harm, Your Lordship.

BY MR. McRUER: Q. The harm would be to the other mills, would it not, Mr. Dodd? A. If we broke our arrangement with Mr. Hallam the harm would be to the other mills.

Q. So Hallam was in the centre and the mills were around in a circle? A. He was what you might call the guardian of this. He was there to keep us all in order.

Q. He was a policeman? A. Perhaps a policeman.

Q. To keep you in order. A. Acting through him with each other.

MR. McRUER: Mr. Killock seems to get some legal comfort from that.

MR. KILLOCK: I just want to be accurate that is all.

MR. McRUER: You have produced some documents this morning that I have not seen before. Mr. Hallam did not help me when I was at this stage.

EXHIBIT 764, Part 22: Telegram from Mr. Dodd to Mr. Hallam, dated February 14, 1934.

constituted it, but as it worked out. A. It
of this understanding. It is true there was not
room, we all sat down together, and made these bribes,
as I explained a little while ago that we gave a
concession to Mr. Hallam.

BY THE CHAIRMAN: Q. What harm would you do
to Mr. Hallam by not keeping this agreement?
A. No direct harm, Your Lordship.

BY MR. McKAY: Q. The harm would be to the
other mills, would it not, Mr. Hodd? A. If we
broke our arrangement with Mr. Hallam the harm would
be [illegible].

Q. So Hallam was in the centre and the mills
were ground in a circle? A. In was what
you might call the ground on of this. He was there
to keep us all in order.

Q. He was a policeman? A. Keeping a
policeman.

Q. To keep you in order. A. Acting
through him with each other.

MR. McKAY: Mr. Hallon seems to get some legal
comfort from that.

MR. [illegible]: I just went to be accurate that
in fact.

this morning that I have not seen before. Mr.
Hallam did not help me when I was at this stage.

EXHIBIT Y64, Part 22: Telegram from Mr. Dodd
to Mr. Hallam, dated
[illegible].

BY MR. McRUER: Q. Now I come to the next wire dated February 15, 1934, from Mr. Dodd to Mr. Hallem, reading as follows:

"Your message. On 13 ounce and 14 ounce 64's fancy piece dyes our minimum price is five cents over the minimum price set on list of January 5th, and we intend holding them there."

So evidently there was a minimum list got out on December 27, and another one on January 5.

A. I think that is the two --

Q. There was one got out on January 5 as a result of your contention that the price should be five cents higher. The wire continues:

"St. Johns Textile have set their minimum price on 12 ounce 64's at five cents advance, and on 13 ounce 2½ cents advance over January 5th, but reserve the right, if necessary, to go as low as January 5th prices, but Evans tells me that will only be done in an exceptional case.

Please let me know if Barrymore are in accord.

As the blues and greys minimum prices of January 26th have been adopted and put into effect by everyone, is there any necessity for sending out new list under today's date?"

Evidently in blues andgreys there was a list of January 26. That is correct, is it not?

A. Without looking at the list, that is probably correct, although I have not confirmed it by looking at the list itself.

Q. The wire continues:

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CANADA

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BY MR. ANDREWS: Q. Now I come to the next wire dated January 15, 1934, from Mr. Dodd to Mr. Bellows, reading as follows:

"Your message. On IX Jones at 16 cents 14's long piece down one minimum price 16 five cents over the minimum price net on list of January 5th, and we intend holding them there."

So evidently there was a minimum list got out on December 27, and another one on January 5.

A. I guess that is the two --

Q. "Jones one got out on January 5 as a result of your contention that the price should be [illegible]. Mr. Jones suggests:

"At. Jones Lewis have put their minimum price on IX cents 16's at five cents advance, and on 14 cents 15 cents advance over January 5th, but reserve the right, if necessary, to go as low as the 5th prices, but Jones tells me that will only be done in an exceptional case.

Please let me know if hereunder are in [illegible]

[illegible] the three and [illegible] minimum prices of [illegible] [illegible] without [illegible], is there any necessity for sending out new list under Dodd's letter"

Without a [illegible] there was a list of January 26. That is correct, is it not?

A. Without looking at the list, that is probably correct, although I have not [illegible] by looking at the list itself.

Q. The wire continues:

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"If others agree to above advances on fancy piece dyes, think new list should be sent out.

So long as the other mills make no variation on the agreed terms, that answers my question of yesterday."

EXHIBIT 764, Part 23: Telegram from Mr. Dodd to Mr. Hallam, dated February 15, 1934.

MR. McRUER: I have here a list of January 5. I am referring to Exhibit 765.

BY MR. McRUER: Q. The next is a message from Mr. Dodd to Mr. Hallam, dated March 27, 1934, reading as follows:

Evans would be unable to attend a meeting this week - He is leaving tomorrow and will not return to Montreal until Tuesday morning. He is of my opinion that it would be a great mistake to lower prices generally just now. We do not find English prices any lower now than they were two or three months ago, in fact many of them are much higher. Top prices are practically the same level as in December when fall price lists were made, but if Hield thinks it necessary to discuss matter of prices I could be in Toronto Thursday or Saturday, or even Friday, the holiday, if that would better suit the others. Please let me know."

(Page 10915 follows)

"If others agree to above changes on
Army plans, think new line should be
sent out.

So long as the other mills make no
variation on the agreed terms, that answers
my question of yesterday."

EXHIBIT 764, Limit 25: Telegram from Mr. Dodd to Mr. Mellon, dated February 15, 1924.

MR. MELLON: I have here a list of January 5. I am referring to Exhibit 765.

BY MR. DODD: Q. The next is a message from Dodd to Mr. Mellon, dated March 27, 1924, reading as follows:

"Evans would be unable to attend a meeting this week - He is leaving tomorrow and will not return to Montreal until Tuesday morning. He is of my opinion that it would be a great mistake to lower prices generally just now. To not find English prices any lower now than they were two or three months ago. In fact many of them are much higher. Top prices are practically the same level as in December when full price lists were made, but if Dodd thinks it necessary to discuss matter of prices I could be in Toronto Thursday or Saturday, or even Friday, the holiday, if that would better suit the others. Please let me know."

Q. Now, this is dated 27th of March, 1934. The last list that I see that was got out was dated March 1st, 1934, and can you tell me whether or not up until the 27th of March, 1934 there had been any lowering of prices on account of the reduction in tops.

MR. KELLOCK: Well, was there any reduction.

THE WITNESS: Was there any reduction?

MR. McRUER: Q. Let us see - yes, there was. The peak was rea hed in January - by March it was down. A. About tupence a pound, I think.

Q. These are in pounds? A. Yes, sir.

Q. Yes, down thrupence a pound? A. Of course, the charts do not actually give the exact prices at which you can buy goods. I am mentioning in this message of mine that prices of tops are practically the same as they were in December. I must have had some authority for it.

Q. That is true according to the chart but, you see, you get the prices up in January and then they drop in March. Now, Yesterday we had an argument that prices ought to go up on account of replacement values. Now, I am suggesting that the shoe is on the other foot and they ought to come down on account of replacement values when they start to decline.

THE COMMISSIONER: That question was asked yesterday, I think asked Mr. Grimshaw, was not it? He said they did go down as they went up, according to the prices of raw material going up and down.

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Q. Now, this is dated 27th of March, 1924.

The last list that I see that was got out was dated March 1st, 1924, and can you tell me whether or not up until the 27th of March, 1924 there had been any lowering of prices on account of the reduction in tops.

A. Well, was there any reduction.

THE CHAIRMAN: Was there any reduction?

MR. MONK: Q. Let us see - yes, there was.

The peak was reached in January - by March it was down.

A. About twopence a pound, I think.

Q. These are in pounds? A. Yes, sir.

Q. Yes, down thruppence a pound? A. Of course the charts do not actually give the exact prices at which you can buy goods. I am mentioning in this message of mine that prices of tops are practically the same as they were in December. I must have had some authority for it.

Q. That is true according to the chart but, you see you get the prices up in January and then they drop in March. Now, Yesterday we had an argument that price ought to go up on account of replacement values. Now, I am suggesting that the shoe is on the other foot and they ought to come down on account of replacement values when they start to decline.

THE COMMISSIONER: That question was asked yesterday, I think asked Mr. Grimshaw, was not it? He said they did go down as they went up, according to the prices of raw material going up and down.

MR. McRUER: Apparently Hield is the one that is putting forward the idea that they ought to come down and Mr. Dodd is putting forward the idea that they ought to stay up.

MR. KELLOCK: Yes, but I think you are overlooking something. You said there was a new list on the first of March. Now, were the prices in that list lower than in the previous list?

MR. McRUER: I have not followed these lists through.

MR. KELLOCK: Well, the witness cannot help you.

THE WITNESS: I am sending message, there must have been something before me at the time I sent it, whatever it was.

MR. McRUER: Q. At any rate, Hield was evidently contending that the prices should come down and you were contending that they should stay where they were. That is a fair deduction I think from that wire.

A. Let me see it.

Q. Just you look at it and see if there is anything unfair about it? A. (Witness looks wire over). Well, I would not know whether to deduct from that that Hield was urging the reduction of prices. I am speaking evidently for Col. Evans to a large measure. He telephoned me to send this message to Hallam. We do the same thing with Colonel Evans, He will telephone from my office and I must admit at times he talked to my Secretary and sends messages through her. "But if Hield thinks it necessary

MR. MORTON: A peanuty plea is the one that is putting forward the idea that they ought to come down and Mr. Doddis putting forward the idea that they ought to stay up.

[illegible] something. You said there was a new list on the first of March. Now, were the prices in that list lower than in the previous list?

A. MR. MORTON: I have not followed those lists through.

THE CHAIRMAN: I am sending message, there must have been something before me at the time I sent it, [illegible] it out.

[illegible] contending that the prices should come down and you were contending that they should stay where they were. That is a fair deduction I think from that wire.

A. Let me see it.

Q. Just you look at it and see if there is anything [illegible] about it? A. (Witness looks wire over). Well, I would not know whether to deduct from that that Bield was urging the reduction of prices.

[illegible] measure. He telephoned me to send this message to Hallam. We do the same thing with Colonel Bvans, [illegible] there by letter. [illegible]

to discuss matter of prices I could be in Toronto Thursday or Saturday.....". Now, apparently I did not know what Hield had in his mind, only that he wanted to discuss prices. I am sure you will realise I cannot from that message remember just exactly what occurred between Colonel Evans and myself.

Q. I have a message here that unfortunately is a little out of its chronological order but it may be put in its chronological order in the exhibit. It is from Dodd to Renwick - Renwick being? A. Our Montreal Salesman. He is one of our Montreal salesmen.

THE COMMISSIONER: What is the date of it?

MR. McRUER: 26th January, 1934.

"Class 4537 - Cooke tells me we should not have made price $1.82 1/2. If so and if no orders have been booked please withdraw price and make minimum price $1.87. Withdraw all overcoating prices as from today pending advances to go into effect as of to-day. For contract purposes quote 4556, $2.90, 4563, $2.55, 4571 $1.60. Under arrangement for contra contract prices with Dominion Woollens.

Withdraw all blue serge and grey serge prices until I am able to get you new prices."

Now, Cook, of course, again being Dominion Woollens? A. Yes.

Q. And evidently you had quoted 1.82½ on this class 4537 and Cook told you you should have quoted 1.87?

to discuss matter of prices I could be in Toronto Thursday or Saturday....". Now, recently I did no know what Field had in his mind, only that he wanted to discuss prices. I am sure you will realize I cannot from that message remember just exactly what occurred between Colonel Bryden and myself.

Q. I have a memorandum here that unfortunately is a little out of its chronological order but it may be put in its chronological order in the exhibit. It is from Dodd to Newwick - Newwick being? A. Our Montreal salesman. He is one of our Montreal salesmen.

THE COURT MILLMAN: What is the date of it?

"Class 4887 - Cooke tells me we should not have made price $1.85 1/2. If so and if no orders have been booked please withdraw price and make minimum price $1.87. Withdraw all overcoating prices as from today pending advances to go into effect as of to-day. For contract

withdraw all blue serge and grey serge prices until I am able to get you new prices."

A. Yes.

Q. And evidently you had quoted 1.85½ on this class 4887 and Dodd did not know 1.87½ was

A. That price we had might have been made some time earlier, I don't know.

Q. Yes, "Cooke tells me we should not havemade price $1.82 1/2, if so and if no orders have been booked please withdraw price and make minimum price $1.87." Now, there was someone you were going to withdraw price from and Cooke had evidently been telling you what price you should have quoted? A. Unless we had accidentally quoted a price different from what we should have quoted according to our list. I cannot answer that.

Q. Unless you had accidentally gone below what you and Cooke had agreed on? A. Well, that would be--

THE COMMISSIONER: What is Cooks'Company?

MR. McRUER: Dominion Woollens and Worsteds.

THE WITNESS: That cloth should come under - 4537 - that should come under the group arrangement and perhaps there was some error, through some error we had quoted this price 1.82½ when it should have been higher. Without checking back I cannot really give you---

Q. That is 26 of January, let us look at January 5th.

MR. KELLOCK: January 25th.

MR. McRUER: No, that would be too late.

THE WITNESS: I am just trying to think of the 4537, what 4537 is. It is a blue serge I know.

Q. What weight? A. I am unable to remember its weight. I will try and remember it.

Q. I do not think I need worry so much about that

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TORONTO - CANADA

A. That price we had might have been made some time
earlier, I don't know.

Q. Yes, Cooke tells me we should not have on
price 91.82 1/2, if so and if no orders have been
booked please withdraw price and make minimum price
$1.87." Now, these was someone you were going to
withdraw price from and Cooke had evidently been telling
you what price you should have quoted? A. Unless we
had accidentally quoted a price different from what we
should have quoted according to our list. I cannot
answer that.

Q. Unless you had accidentally gone below what you
and Cooke had agreed on? A. Well, that would be

MR. MONSON: Dominion woollens and worsteds.

THE WITNESS: That cloth should come under - 4897 -
that should come under the group arrangement and perhaps
there was some error, through some error we had quoted
this price 1.89½ when it should have been higher.
Without checking back I cannot really give you---

Q. That is 30 of January, let us look at January 5th.

MR. KERLOCK: January 30th.

THE WITNESS: I am just trying to think of the 4897,

because I think what I should get is the conclusion there is revealed in other telegrams and correspondence we have and that is that you would quote a little lower than Cooke liked and then you would agree to withdraw yours or vice versa? A. That has been admitted before. I have admitted it.

MR. KELLOCK: Had not we better wait ---

MR. McRUER: Q. You sayyou admit that was done? A. I have done that.

Q. That Cooke would quote a price for contract that was lower than what you thought it ought to be and you would get in touch with Cooke and then he would withdraw his price and bring it up to what you thought it ought to be, and then you both quoted the same price? A. I think we have had that here this morning.

Q. You admit that has been done? A. Yes,sir.

MR. KELLOCK: Are you speaking of goods covered by 4567? A. No, we are only speaking of those goods, contract goods, no other goods. These railroad contract cloths, that is right.

MR. McRUER: Q. Well now, there is a wire here dated 21st December, 1934, from you to Cooke, Dominion Woollens and Worsteds:

"Railway asking tenders on uniforms. Suggest following prices for their contract cloths:

4556, Your 10880, ... $2.15
4563 ", 10899 ..... 1.75
4571 " 14067 ..... 1.20"

5

10

15

20

25

30

Now, where you have the first serial number given, that is your style? A. Yes, sir.

Q. And where it says "Your" that means Dominion Woollens' style? A. Yes, sir.

Q. And that would be competing cloth with yours? A. That is put in for positive identification so that could be no mistake.

Q. "If prices agreeable to you, will you get in touch with Hield as it is necessary that he should also agree definitely to these prices before we can arrange them together."

A. Right.

Q. Now, I have another telegram, which is also out of chronological order but may be inserted, from Mr. Dodd to Mr. Barrett of the Dominion Woollens dated the 25th of May, 1933:

"Is not $2.10 for Class No. 880 very low as six months ago we both quoted $2.15? To-day with tops ever so much higher our price should be $2.30. Would you like to make the price $2.25 for only those concerns using this cloth for contract purposes for both C.P.R. and C.N.R. Would like to get price this cloth settled this afternoon. Kindly let me know."

Well now, I would like to know what you have to say in regard to operating in this way, having in mind that the Textile Companies went to the Government in 1930 and requested the Government to give very

in 1930 and requested the Government to give very

that the Textile Committee would be the Government

in regard to operating in this way, having in mind

Well now, I would like to know what you have to say

settled this afternoon. Kindly let me know."

cloth for contract purposes for both C.P.R.

and C.N.R. Would like to get price this cloth

price $2.25 for only those concerns using this

should be $2.30. Would you like to make the

To-day with tops ever so much higher our price

as six months ago we both quoted $2.15?

"Is not $2.10 for Class No. 880 very low

of chronological order but may be inserted, from Mr.

Dodd to Mr. Barrett of the Dominion Woollens dated

the 25th of May, 1928:

A. Right.

Q. Now, I have another telegram, which is also out

can arrange them together."

also agree definitely to these prices before we

touch with Hield as it is necessary that he should

Q. "If prices agreeable to you, will you get in

A. That is put in for positive identification so that

could be no mistake.

Q. And that would be competing cloth with yours?

Woollens' style? A. Yes, sir.

Q. And where it says "Your" that means Dominion

that is your style? A. Yes, sir.

Now, where you have the first serial number given,

substantial increases in tariff protection on these articles and then coming together and agreeing on prices between yourselfes when the consumers were more or less excluded from buying at competitive prices from abroad by reason of the higher tariffs. How do you justify that course of action? A. Only on the ground that we are manufacturers and that we are entitled to a profit to pay our proper help, pay proper wages for what they do, and if by local competition as between each and everyone of us the prices have descended or would descend without this conference and talk between us, I think it will be justified because otherwise we will probably be selling goods at prices which we should not be selling at and I submit, I think our costs will bear out, that those prices we have made together, and discussed together are not unfair prices for the consumer to pay.

Q. But you are the only ones that get a chance to determine whether it was fair or unfair. There was no representative of the consumer at these meetings? A. Granted. But if I go to buy a new pair of boots or anything I have got exactly the same thing.

Q. What do you mean? You mean there is the same sort of agreement among boot manufacturers as you had among the cloth manufacturers? A. I don't know whether there is or not, but I must pay the price I am asked to pay in the shop. That may be fair or unfair, I don't know, but I do contend that the prices

substantial increases in tariff protection on these articles and then coming together and agreeing on prices between yourselves when the consumers were more or less excluded from buying at competitive prices from abroad by reason of the higher tariffs. How do you justify that course of action? A. Only on the ground that we are manufacturers and that we are entitled to a profit to pay our proper wage, any proper wages for what they do, and if by local competition as between each and everyone of us the prices have descended or would descend without this conference and talk between I think it will be justified because otherwise we will probably be selling goods at prices which we should not be selling [illegible] I think, I think [illegible] out, that those prices we have made together, and discussed together are not unfair prices for the consumer to pay.

Q. But you are the only ones that get a chance to determine whether it was fair or unfair. There was no representative of the consumer at these meetings? A. Granted. But if I go to buy a new pair of boots or anything I have got exactly the same thing.

Q. What do you mean? You mean there is the same sort of agreement among boot manufacturers as you had among the cloth manufacturers? A. I don't know [illegible]

at which we sold these goods are quite fair prices in consideration of their cost and the fact we required to make some profits to maintain ourselves.

Q. Do you think that the Dominion Woollens and Worsteds are not in a position to quote for Canadian National Railway Cloths a price that would be just and fair without any assistance from their competitor the Paton Manufacturing Company? A. Well, we felt it would be better for each of us to know from the other what price that each was quoting, rather than to have it told to us wrongly and each of us be borne down by some wrong information given to us by some of the trade.

Q. No, but you were going further than that. It was not question of telling the price you were quoting but it was agreeing on the price that you would quote. A. Exactly.

Q. Now, why was it necessary to agree on the price that you would quote. Was not it a large institution that would know its own costs and you were an institution which would know your costs and were both capable of arriving at price without assistance from one another? A. We naturally would get our own costs and then we would confer.

Q. Why? A. So as to get a profitable price.

Q. Why could not they determine on the price that would be profitable to themselves without having your advice? A. If they arrived at a price, we will say,

at which we sell these goods are quite fair prices in consideration of their cost and the fact we required to make some profits to maintain ourselves.

Q. Do you think that the Dominion Woollens and Worsteds are not in a position to quote for Canadian National Railway clothe a price that would be just and fair without any assistance from their competitor the Peston Manufacturing Company? A. Well, we felt it would be better for each of us to know from the other what price that each was quoting, rather than to have it told to us wrongly and each of us be borne down by some wrong information given to us by some of

Q. No, but you were going further then that. It was not question of telling the price you were quoting but it was agreeing on the price that you would quote.

A. Exactly.

Q. Now, why was it necessary to agree on the price that you would quote. Was not it a large institution that would know its own costs and you were an institution which would know your costs and were both capable of arriving at price without assistance from one another?

A. We naturally would get our own costs and then we would confer.

Q. Why?

say, of $2.25, and they were told we were quoting a price of $2.15 they would have no means of checking and come down to $2.15 to meet that.

Q. I am going to show you some correspondence where they would quote certain price and you would ask them to withdraw price and asked them to come up to a higher one? A. I admitted that has been done. I do not deny that.

Q. And where you would quote price that was lower than what they thought it should be they would ask you to withdraw it, and come up to your price? A. It happened in both cases.

THE COMMISSIONER: Q. Will somebody please tell me this: in view of what was done in these cases, that is, both these competitors agreeing to quote the same prices, what actually happened - to whom did the railways give the contract or rather the furnishers give the contract? A. Sometimes they were split, we each got part, and I think that is the usual---

Q. Was not that your object so that it could be split? A. Yes, sir, it was, so that it would be. Some people liked Dominion Woollens' cloth better than Patons' and others liked Patons' better than Dominion Woollens, and if they were both acceptable to the Railway Company it would depend which sales man got the orders.

MR. McRUER: Q. And would not you do this: You would agree on the quantity that you would accept the contract for so that there would be part left for the

ROBT. BRYDIE
CANADA

price of $2.15 they would have no means of checking and come down to $2.15 to meet that.

Q. I am going to show you some correspondence where they would quote certain prices and you would ask them to withdraw prices and cause them to come up to a higher one? A. I admitted that has been done. I do not deny that.

Q. And where you would quote prices that was lower than what they thought it should be they would ask you to withdraw it? and come up to your prices? A. It happened in both cases.

THE COMMISSIONER: Q. Will somebody please tell me this: In view of what was done in these cases, that is, both these competitors agreeing to quote fair prices, what actually happened - to whom did the railways give the contract or rather the furnishers give the contract? A. Sometimes they were split, we each got part, and I think that is the usual---

Q. Was not that your object so that it could be split? A. Yes, sir, it was, so that it would be. Some people liked Dominion Woollens'cloth better than Patons' and others liked Patons' as better than Dominion Woollens, and if they were both acceptable to the Railway Commission it would depend which before they got the orders.

other fellow? A. I do not recollect. My answer to that would be only I do not think that would be done. At the same time I would not say either yes or no to it. I do not know of it.

Q. Mr. Dodd, I would like you just to look over that file and tell me whether you will identify it as correspondence coming from your files. I do not want to go all through it with you because you have been very frank in stating to me substantially what the file is?

A. Just for identification or to read it?

Q. No, just identify it as your correspondence?

A. (witness goes to file): I cannot identify everything, I am not really certain about these papers but they may have been. The figures are not mine although the pages themselves are familiar to me. For instance, this does not look like mine and these figures on here are not my writing but at the same time I recognize those pages have been in existence. I have had the same thing, at any rate.

Q. I just want you to identify? A. These undoubtedly are and these may be but, at any rate, I can identify the fact that I have had similar papers.

Q. Well, so that I can identify for the purposes of the record. This will be another Exhibit.

EXHIBIT 766: File of correspondence from the files of the Paton Manufacturing Company.

MR. McRUER: That Mr. Dodd positively identifies as coming from their files all of the correspondence except

pages nos. 282 to 292, which he says he cannot positively identify but recognizes them as being similar to documents he has had? A. Exactly.

MR. KELLOCK: Give me the numbers.

MR. McRUER: The others that are filed without going into all the details of the dates are numbered as follows: 293, 287, 281, 280, 279, 276, 277, 274, 272, 273, 269, 270, 264, 262, and 261.

THE COMMISSIONER: If these documents have been read---

MR. McRUER: They have not been read and I was not proceeding to read them at this time.

THE COMMISSIONER: Had not you better tell me what they are about? Perhaps you could tell me after the recess.

MR. McRUER: I may say frankly that I have picked these out as proof of negotiations that took place between Mr. Dodd and the Dominion Woollens and Worsteds in respect to prices and Mr. Dodd has been very frank in admitting substantially what the documents prove and I do not think it is necessary for me to read them in detail to the Commission in view of Mr. Dodd's admission.

THE COMMISSIONER: That will be all right except Mr. Kellock wants them read.

MR. McRUER: Well, he will have an opportunity of looking them over. I will show him some in the intermission that we may treat in the same way.

pages nos. 282 to 292, which he says he cannot positively identify but recognizes them as being similar to documents [illegible].

MR. [illegible]: Give me the numbers.

MR. M[illegible]: The others that are filed without being sure will be details of the views now numbered as [illegible], 271, 281, [illegible], 287, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, and 301.

THE COURT STENOG: If those documents have been read---

MR. MCGILL: They have not been read and I was not proceeding to read them at this time.

THE COMMISSIONER: I did not yet better tell me what purpose.

MR. MCGILL: I may say frankly that I have picked these out as proof of negotiations that took place between Mr. Dodd and the Dominion Woollens and Worsteds in respect to prices and Mr. Dodd has been very frank in admitting subsequently what the documents prove and I do not think it is necessary for me to read them in detail to the Commission in view of Mr. Dodd's [illegible].

THE COMMISSIONER: They will be all right merely [illegible].

MR. MCGILL: Well, we will have no opportunity of reading them now. I will have them [illegible] the same way.

in order to shorten up this matter of reading documents.

Then I show you another file of correspondence which I think comes from the Dominion Woollen and Worsted file of the Paton Manufacturing Company?

A. (The witness looks through file). Yes, I identify all those.

Q. As coming from the files of the Paton Manufacturing Company? A. Yes, from the files in the office of the Paton Manufacturing Company.

EXHIBIT 767: Dominion Woollen & Worsted file in office of Paton Manufacturing Co.

MR. McRUER: These are numbered 620, 621, 622, 623, 624, 625, 626, 627, 628, 630, 638, 639, 640, 641, 642, 644, 648, 649, 650, 651, 653 and 654.

Q. Now, there is a letter on this file of January 26, 1934 from Mr. Cooke to you:

"Confirming our conversation of this afternoon I am noting that your quality 4563 will be 255, 4556 will be 290, 4564 $1.70"

And then it is changed in pencil to $1.80 and there is an initial up in the corner - that is your initial?

A. Yes. Evidently I would take it from that that that $1.70 must have been a typographical error and the price was $1.80. I don't know but that would look what has occurred at any rate.

Q. "I am informed that contracts are being awarded on Monday or Tuesday of next week. As we have quoted the above basis I hope you will be able to look into

In order to shorten up this matter of tracing documents

Then I show you another file of correspondence

which I think comes from the Dominion Woollen and

Worsted File of the Union Yarn Spinning Company?

A. (The witness looks through file). Yes, I identify

all these.

Q. Do these form files of the Union Yarn Spinning

Company? A. Yes, from the files in the office of

EXHIBIT 767: Dominion Woollen & Worsted file

in office of Union Manufacturing Co.

824, 826, 826, 827, 828, 829, 830, 830, 830, 840, 841, 842,

844, 845, 846, 849, 850, 851, 852 and 854.

Q. Now, there is a letter on this file of January 3,

1954 from Mr. Cooke to you:

"Confirming our conversation of this afternoon

I am noting that your quality 4505 will be

295, 4505 will be 290, 4504 $1.75"

And then it is changed in pencil to $1.80 and there is

an initial up in the corner - what is your initial?

A. Yes. Evidently I would take it from that that

that $1.70 must have been a typographical error and the

price was $1.80. I don't know but that would look

what has occurred at any rate.

Q. "I am informed that contracts are being awarded

on Monday or Tuesday of next week. As we have quote

the above basis I hope you will be able to look into

immediately so as to have yours in line with ours?

A. Now, did I reply and change that to 180, do you know?

Q. Then there is another letter of the same date, it may refer to the same matter, we will get it all- dated January 26th, 1934:

> ""Just to remind you of the information which I gave you this afternoon in Toronto, that our 13 oz fancy piece dye is now selling at $1.87½ and that we would much appreciate your selling at the same price, instead of $1.82½, which we are informed your representatives have been quoting."

A. That is a different matter.

Q. Then a letter of January 27th, 1934, from you apparently, to Mr. Cooke:

> "Dear Mr.Cooke:
>
> In reply to your letter of the 26th instant with regard to prices on contract cloths.
>
> So far as the Canadian National and Canadian Pacific contracts are concerned, our price on, -
>
> 4563 will be $2.55
> 4556 " ..... 2.90"

Now, those are the prices mentioned in Mr. Cooke's letter.

> "but Class 4564, which was our previous cloth for express uniforms, we are dropping, although we had made quotations previous to the decision to drop that line, being 24 oz. cloth, we are

ROBT. BRYDIE
CHARTERED PHOTOGRAPHIC
ENGRAVER
TORONTO - CANADA

making our price $1.80 instead of $1.70.

(Page 10930 follows)

ROBT. BRYDIE
CHARTERED STENOGRAPHIC

A. That would be on the new cloth. Evidently -- I think from my memory the first cloth that we cancelled was not giving very good satisfaction and we made a second one which we made $1.80.

Q. He evidently was prepared to quote his cloth at $1.70 ? A. $1.70.

Q. I don't know whether they came up, I don't know that we have the details whether his came up to $1.80 a pound ? A. I don't know.

Q. "On Class 4571, which is a 19 1/2 oz. cloth, we are making our price $1.70 instead of $1.60, as against your line #1467, that is, for any new contract.

"A short whiel ago we were asked for quotation by two or three firms in Toronto, for the Hamilton Fire Department, on our #4563 and 4556. At that time we made a quotation of $2.15 and $2.70 respectively, and when I spoke to Mr. Guard about them he reminded me that at the time we made the quotations we were asked to hold these prices until February 10th and we agreed to do so. I had really forgotten that matter when speaking to you yesterday afternoon, so, unfortunately, we will have to hold these two prices open, but only for the contracts for the Hamilton Fire Department, until February 10th. Am advising you of this as perhaps you have quoted on that same contract and, of necessity, would have to accept these same prices.

"The firms to whom we quoted are, Grafton & Company, Farrar,Coppley,Noyes & Randall, and

A. That would be on the new cloth. Evidently -- I think from my memory the first cloth that we cancelled was not giving very good satisfaction and we made a second one which we made $1.80.

Q. No evidently was prepared to quote his cloth at $1.70 ? A. $1.70.

Q. I don't know whether they came up, I don't know that we have the details whether his came up to $1.80 a pound ? A. I don't know.

Q. "On Memo 4571, which is a 10 1/2 oz. cloth, we are making our price $1.70 instead of $1.80, to assure your line mills", that is, for any new contract.

"A short while ago we were asked for quotation by two or three firms in Toronto, for the Hamilton Fire Department, on our #4805 and 4576, at that time we made a quotation of $2.15 and $2.70 respectively, and when I spoke to Mr. Heard about them he reminded me that at the time we made the quotations we were asked to hold these prices until February 10th and we agreed to do so. I had really forgotten that matter when speaking to you yesterday afternoon, so, unfortunately, we will have to hold these two prices open, but only for the contracts for the Hamilton Fire Department, until February 10th. On advising you of this as perhaps you have quoted on that same contract and, of necessity, would have to accept the same prices.

"The firms to whom we quoted are, Grafton &

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CHARTERED STENOGRAPHIC REPORTER
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Firth Bros."

Now, in regard to this other matter which is mentioned in the other letter of January 26th, No. 651 in this Exhibit -- no, I beg your pardon ? A. It is over the page.

Q. No. 650. "Just to remind you of the information which I gave you this afternoon in Toronto, that our 13 oz. fancy piece dye is now selling at $1.87½ and that we would much appreciate your selling at the same price, instead of $1.82½"

Now, that is from Cooke to you, and then apparently you replied to that on the 27th of January, 1934,

"In reply to your letter of the 26th instant, Have temporarily withdrawn our former price of $1.82 1/2 on Piece Dyed Fancies until such time as can arrange with Colonel Evans Monday as to what the minimum price will be. In any case, for ordinary orders we will not quote less than 5¢ over the minimum price."

Well, 5¢ over the minimum would be $1.87½ which would be the same as Dominion Woollens was quoting ?

A. Right.

Q. Now, have you the same arrangements now with the Dominion Woollens that you had -- that we have been talking about ? A. They have never been finally broken off, Mr. McRuer. For some reason or other there has not, apparently, been the same necessity of late for these discussions, but I would say to you quite frankly if they asked me to-day I would

ROBT. SPROULE
CERTIFIED STENOGRAPHIC
REPORTER
TORONTO - CANADA

Fifth Ave."

Q. In regard to this other matter which is mentioned in the other letter of January 28th, 1931 in this Exhibit -- no, I beg your pardon ? A. It is over the page.

Q. No. 680. "Just to remind you of the information which I gave you this afternoon in Toronto, that our 15 oz. Fancy Pleece dye is now selling at $1.87½ and that we would much appreciate to your selling at the same price, instead of $1.-

Now, that is from Cooke to you, and then you replied to that on the 27th of January, 1934.

"In reply to your letter of the 28th instant, $1.82 1/2 on Fleece Dyed Tweeds until such time as can arrange with Colonel Ivens Monday as to what the minimum and we will be. In any case, for ordinary orders we will not quote less than 5% over the minimum price."

Well, 5% over the minimum would be $1.87½ which would be the same as Dominion Woollens was quoting ?

A. Right.

Q. Now, have you the same arrangements now with the Dominion Woollens that you had -- that we have been talking about ? A. They have never been finally broken off, Mr. Mosher. For some reason or

ity of late for these discounts, but I would say to you quite frankly if they asked me to-day I would

give them our prices.

Q. Not only that, but you would agree to quote the same prices to those that were asking for contracts? A. I think so. I cannot tell you what I might do under the circumstances, but these things having gone through all this period and there being no official separation of the closeness of our two companies why, I probably would.

Q. Well, your understanding with them is practically the same to-day as it always has been ? A. Yes, there has been no change in that understanding.

THE COMMISSIONER: Now, tell me this; do I understand that this understanding now referred to is a survival of the general price agreement that several firms entered into ?

MR. McRUER: The price agreements are still in effect.

THE COMMISSIONER: It is collateral to it.

BY MR. McRUER: Q. It is collateral to it, is it not ? A. Well, it is a separate thing, really; it is a separate thing entirely. It is something that is between this company and ourselves.

Q. When we come to deal with this Exhibit No. 765 that was filed this morning, we will see that the price arrangements among the mills -- the price group still exists ? A. Well, it is difficult to say. I am sure I don't know how to answer you on that because we have not met or discussed since last February.

Q. Well, there has been a Royal Commission sitting since last February ? A. Well, that Royal Commission

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

A. Not only that, but you would agree to quote the same prices to those that were asking for quotes?

A. I think so. I cannot tell you what I might do under the circumstances, but those things having gone through all this period and there being no official separation of the closeness of our two companies why, I personally would.

Q. Well, your understanding with them in practically the same to-day as it always has been?

A. Yes, there has been no change in that understanding.

THE COMMISSIONER: Now, tell me this; do I understand that this understanding now referred to is a survival of the general price agreement that several times entered into?

MR. MONK: The price agreements are still in effect.

THE COMMISSIONER: It is collateral to it.

BY MR. MONK: Q. It is collateral to it, is it not? A. Well, it is a separate thing, really; it is a separate thing entirely. It is something that is [illegible].

Q. When we come to deal with this exhibit 765 that was filed this morning, we will see that the price arrangements among the mills -- the price group still exists? A. Well, it is difficult to say. I am sure I don't know how to answer you on that because we have not met or discussed since last [illegible].

Q. Well, there was [illegible]

has not changed the idea with this company and I don't know whether that would be a factor in changing it with the others if we thought it was a good thing to continue.

Q. It might change Mr. Hallam ? A. I don't know, I cannot speak for Mr. Hallam. I am speaking for my own self and the others that I know.

Q. Well, there is a letter here in reference to Hield that I want to draw your attention to. It is No. 621 in this Exhibit. This is Exhibit No. -- this is the new one.

THE COMMISSIONER: 767.

MR.McRUER: Dated the 9th of November, 1935 from yourself to Cooke.

"In reply to your letter of the 7th instant.

"In the first place, Hield's cloth can only be used for contracts with Canadian National Railways, as the Canadian Pacific Railway will not adopt Hield's cloth, - they confine their choice to your own and our cloth. So that only firms making cloths for the C.N.R. would use Hield's Serge."

A. Making clothes.

Q. Yes, quite right, clothes.

"I am told by Mr. Guard that only Tip Top and Stone Clothing had quotations from Hield at $2.10, at which price we are not interested at all as it would be too far below our actual cost, - which today is in the neighbourhood of $2.21 including selling and discount.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
REGINA
TORONTO - CANADA

has not changed the loan rate this company - nd I don't know whether she would be a factor in changing it with the - there if we thought it was a good thing to consume.

Q. It might change it. Mr. Allum? A. I don't know. I cannot speak for Mr. Allan. I am speaking for my own self and the others that I know.

Q. Well, there is a letter here in reference to which what I want to draw your attention to. It is No. 651 in this exhibit. This is exhibit No. -- this is the new one.

[illegible]: 737.

[illegible] noted the 4th of November, 1935 from Yourself to Douke.

[illegible] Yours of the 7th instant.

[illegible] be used for contracts with Canadian Metal Weldcraft, [illegible] adopt Dixie's cloth. - they confine their choice to your own and our cloth. So that only fine making of the for the C.M.S. would use Dixie's

[illegible]

I am told by Mr. Grand that only Tip Top and Stone Clothing had such items from Dixie at $2.10, - at which price we are not interested at all as it would be too far below our normal cost. - which today is in the neighborhood of $2.25 including selling and discount.

"I think our efforts should be directed through Major Hallam's office in getting Hield to advance his price, as I am sure he is not making any profit at $2.10.

"I will be in Toronto about Thursday of next week. Perhaps in the meantime you could take this matter up with Major Hallam to get in touch with Hield to find out if they are interested in bringing their price to a proper level. We would be agreeable to a price of $2.25 if necessary."

So that as late as less than a year ago it seemed to be in operation alright ? A. I should explain to you something which Mr.Grimshaw no doubt forgot to mention yesterday, and that is that even after Mr. Hield left or dropped out from an active part in this group that he had given Major Hallam the assurance that any time they wishes to telephone and ask him for his prices he would be glad to give them, and that as far as possible he would cooperate on these lines still with the remaining members of the group.

Q. That is, cooperate in quoting the same price as the others were quoting ? A. I take it that would be the understanding although he was not bound to do it; he only said he would continue to do so.

Q. Well, Mr. Dodd, however it may be justified your attangement among yourselves, certainly in respect to those who were in on the arrangement, was that you would not compete in respect to prices ? A. Not below a certain minimum price that was set.

"I think our efforts should be directed through Senator Bellamy's office in getting Field convicted his price, as I am sure he is not making any profit at $2.10.

"I will be in Toronto about Thursday of next week. Perhaps in the meantime you could take the matter up with Senator Bellamy to get in touch with Field to find out if they are interested in lowering their price to a proper level. I would be agreeable to a price of $2.25 if necessary."

So that we have to less than a year now it seemed to be in connection with ? A. I should explain to you something which Mr.Crimmon no doubt forgot to mention yesterday, and that is that even after Mr. Field left or dropped out from an active part in this group that he had given Senator Bellamy the assurance that any time they wanted to telephone and ask him for his prices he would be glad to give them, and that as far as possible he would cooperate on those lines still with the remaining members of the group.

Q. What is, cooperate in quoting the same prices as the others were quoting ? A. I take it that would be the understanding although he was not bound to do it; he only said he would continue to do so.

Q. Well, Mr. Dodd, however it may be justified [illegible] to those who were in on the arrangement, was that you would not compete in respect to prices ?

A. Not below a certain minimum price that was set.

Q. Not below ? A. Not below that.

Q. Now, you will agree, will you not, that the costs of manufacturing in one mill may be very different than the costs of manufacturing in another ?

A. When we first discussed , and before we ever arrived at any result of a discussion we had a comparison of costs, not in a thoroughly broken-down way, but just what was the cost on certain fabrics, and I kept no record of that; in fact, I don't think anybody kept a record of it.

Q. It would have been awfully interesting for us to have had it ? A. I would like to have seen it myself. I didn't keep it and I don't know that anybody else did. I have never heard anybody speak as having kept it. My recollection was that while there was a slight difference -- I am going back in memory, I think we took two blue serges, two greys and two fancy piece dyes. Those were the three groups of cloth I think we were discussing, and still speaking from recollection, while there was a slight variation as between one mill and another they were so close that they could have been covered by probably five or six cents, or from the one extreme to the other one. I know we all concluded they were very close.

Q. Are we to take it this way, that in making a stydy of the operations of these mills that their costs of operating are substantially the same, so that if there is a great disparity between the profit that one mill has made and the profit another has made it has been that one has been much better managed

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CANADA - TORONTO

Q. Not below ? A. Not below that.

Q. Now, you will agree, will you not, that the costs of manufacturing in one mill may be very different than the costs of manufacturing in another ?

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Q. Are we to take it this way, that in making a study of the operations of these mills that their costs of operating are substantially the same, so that if there is a great disparity between the profit that one mill has made and the profit another has made it has been that one has been much better managed

than the other ? A. That and also the percent of their operations which is a big factor in the profit and loss of any mill.

BY THE COMMISSIONER: Q. You mean the volume? A. Yes.

BY MR. McRUER: Q. We might find in some small mills they have made very nice profits over a period of years while probably in some larger mill they have not been able to make a profit, even one with much more volume, then we must take it, I take it, it was a question of management ? A. That would form some part of it, yes sir, but I think the volume of operation in the mill would be a great factor.

THE COMMISSIONER: The failure to make a profit may be due to other things, of course, than bad management. What I mean to say is the other day you were pointing out such things as over-capitalization and so on.

MR. McRUER: Yes. Well, I am not dealing with the question of return.

THE COMMISSIONER: You mean profits on sales?

MR. McRUER: Profits on sales is what I am dealing with ? A. I only have in mind our own, Patons, I can only speak of that because I did not see the operations of the others, but over the years that we have operated, in the first place our costs are based on 90 percent operation of the mills. If we go below that then we drop into taking losses on these costs.

Q. You have to have 90 per cent of the possible volume ? A. Yes.

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CANADA

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BY THE COMMISSIONER: Q. You mean the volume?

A. Yes.

BY Mr. MONK: Q. He might find in some small mills they have made very nice profits over a period of years while probably in some larger mill they have not been able to make a profit, even one with much more volume, then we must take it, I take it, it was a question of management ?

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Q. You have to have 90 per cent of the possible volume ? A. Yes.

Q. You mean you have got a mill that is built on a scale that in order to make a profit at all in it you must have 90 per cent volume ? A. No, I said to make a profit over and above our costs we should run 90 per cent.

Q. I want to get that now just so that we may know what the mills require in Canada. In order, as far as your mill is concerned anyway -- A. Yes.

Q. In order to cover the cost of operation you must have 90 per cent volume ? A. Yes.

BY THE COMMISSIONER: Q. That will give a profit? A. That will give a profit.

BY MR. McRUER: Q. What must you have -- A. Let me make it plain, Mr. McRuer, I am probably not accustomed to giving this and I might make it not quite straight to you. We arrive at a certain cost in our mill based on certain overhead charges having been taken into that cost. That is what I call costs.

Q. May I take it this way that when you speak of cost you mean costs that will show a profit to the mill ? A. No, that would show -- that we would come out without losing anything.

Q. Well, what do you mean by overhead charges, interest on preferred stock, interest on common stock ? A. There is the bond interest and the preferred interest. We have paid no common stock.

Q. You have no common stock ? A. Oh, yes, but we have paid no dividends on that .

Q. No money was ever given for the common stock? A. Oh yes.

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CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. Are you sure of that ? A. Yes, I know money was given for it but I don't know what was given because that was before my time and connection with it.

Q. At any rate, bond interest and the preferred stock interest are included in what you call costs ?

THE COMMISSIONER: Well, this is a question of some particularity. We will adjourn now and perhaps it will be answered better when I come back.

--The Commission adjourned for a short recess.

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REPORTER
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Q. Are you sure of that? A. Yes, I know money was given for it but I don't know what was given because that was before my time and connection with it.

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THE CHAIRMAN: Well, this is a question of some particularity. We will adjourn now and perhaps it will be answered better when I come back.

--The Commission adjourned for a short recess.

Page 1093-10 follows

- - On resuming.

MR. McRUER: Coming back to Exhibit 766, which we did not read in detail, and as to the contents of which Your Lordship wanted to have some idea, it deals substantially with these matters effecting quotations on cloths that were competitive between the Paton Manufacturing Company and Dominion Woollens and Worsteds, also with quotations on contracts.

MR. KELLOCK: I do not think that is right.

MR. McRUER: The first letter, dated May 26, 1933, starts like this:

"Canadian Pacific and Canadian National"

"On No.4556 22/23 oz. Blue Serge, for contract purposes, both Dominion Woollens and ourselves have arranged a price of $2.25 to be quoted from now on."

MR. KELLOCK: The railway cloth is not included under Exhibit 765. That is the memorandum.

MR. McRUER: The memorandum is only part of it.

MR. KELLOCK: They are two distinct things; there is the railway cloth and the memorandum cloth. There are two different bases.

THE WITNESS: I think both files refer to practically the same things.

MR. McRUER: There is one letter dated January 27, 1934, which reads as follows -- it is from Mr. Dodd to the Paton Manufacturing Company Limited, Toronto:

"Dear Sirs:- PRICES

I enclose copy of letter written Mr. Cooke today, and for the C.P.R. and C.N.R. contracts prices will be,-

4556 . . . . . $2.90
4563 . . . . . 2.55

On contract cloth No.4564 the price should be $1.80, although Mr. Cooke yesterday mentioned $1.70, but you might ask him if he will advance his price from $1.70 to $1.80 on his contract cloth.

On No.4571 he suggests a price of $1.60 on their cloth No.10467, but we are putting our price out at $1.70. So will you ask him if he would like to adopt this same price.

Mr. Cooke says the railway contracts will be awarded Monday or Tuesday, so if you have quoted any of your customers on these railway contracts they should change the price of No. 4563 and No.4556 right away."

Q. I suppose when the contractor got a change of price he would have to put up the price of his contract to the railway? A. Yes, I would suppose he would. Of course he might decide to absorb it himself, but I do not think that is likely.

BY THE COMMISSIONER: Q. That is his raw material? A. Raw material.

BY MR. McRUER: Q. Here is another letter dated January 29, 1935, from Mr. Dodd to Mr. Renwick, of the Paton Manufacturing Company, head office. How would you come to be writing this? A. As a memorandum to him.

ROBT. BRYDIE
CHARTERED SHORTHAND
REPORTER
TORONTO - CANADA

"Dear Sirs:- FILING

I enclose copy of letter written Mr. Cooke today, and for the C.P.R. and C.N.R. contracts prices will be.-

4576 . . . . . $2.90
4568 . . . . . 2.55

On contract cloth No.4564 the price should be $1.80, although Mr. Cooke yesterday mentioned $1.70, but you might ask him if he will advance his price from $1.70 to $1.80 on his contract cloth.

On No.4571 he enquires a price of $1.60 on their cloth No.10427, but we are putting our price out at $1.70. So will you ask him if he would like to adopt this same price.

Mr. Cooke says the railway contracts will be awarded Monday or Tuesday, so if you have quoted any of your customers on these railway contracts they should advance the price of No. 4568 and No.4556 right away."

Q. I suppose when the contractor got a change of price he would have to put up the price of his contract to the railway? A. Yes, I would suppose he would. Of course he might decide to absorb it himself, but I do not think that is likely.

BY THE COMMISSIONER: Q. That is his raw material? A. Raw material.

BY MR. MONROE: Q. Here is another letter dated Jan 24, 1925, from Mr. Dodd to Mr. Remnick. What would you come to be writing this? A. As a memorandum to him.

Q. An inter-office memorandum? A. An inter-office memorandum.

Q. It reads as follows:

"I confirm arrangements arrived at with Dominion Woollens on Tropical worsteds similar to No.5165 and No.5177. They will make a price the same as ours, i.e., $1.30 A. and $1.35 A.

Likewise on Topcoating No.6536 they have agreed to price of $1.80. Renfrew are also adopting that price on their number."

These were types of cloths that were not dealt with by the price group? A. Exactly.

Q. Who was Renfrew? A. I imagine that would be Renfrew Woollen Company. That was something that only came to me from elsewhere. I never spoke to Renfrew at any time.

Q. You were not in personal touch with Renfrew? A. I was not in personal touch with Renfrew.

Q. Now would you look at this file of correspondence please? A. Just for identification?

Q. Just for identification, yes. A. It is quite all right.

Q. This is a file of correspondence coming from the files of the Paton Manufacturing Company? A. From the Paton Manufacturing Company.

Exhibit 768: Correspondence from the files of the Paton Manufacturing Company.

6. An inter-office memorandum? A. An inter-office memorandum.

Q. It reads as follows:

"I received [illegible] orders at this Dominion Woollens on Tropical worsteds similar to No.8165 and No.8177. They will make a price the same as ours, i.e., $1.80 A. and $1.55 A.

Likewise on Topcoating No.6356 they have agreed to price of $1.80. Penfrew are also adopting that price on their number."

These were types of cloths that were not dealt with by the price group? A. Exactly.

Q. Who was Penfrew? A. I imagine that would be Penfrew Woollen Company. That was something that only came to me from elsewhere. I never spoke to Penfrew at any time.

Q. You were not in personal touch with Penfrew? A. I was not in personal touch with Penfrew.

Q. How would you look at this file of correspondence please? A. Just for identification?

Q. Just for identification, yes. A. It is quite all right.

Q. This is a file of correspondence coming from the files of the Paton Manufacturing Company? A. From the Paton Manufacturing Company.

Exhibit 756: Correspondence from the files of the Paton Manufacturing Company.

MR. McRUER: Here is another file of correspondence from the Paton Manufacturing Company, and it appears to be correspondence that passed between Mr. Hallam and Mr. Dodd.

THE COMMISSIONER: It is entirely ~~with~~ with Mr. Hallam?

Mr. McRUER: Yes, my lord.

THE COMMISSIONER: What is it about?

MR. McRUER: It is about the operations, I should say, of the price group.

THE WITNESS: Yes, it does refer to that.

BY MR. McRUER: Q. Here is a letter dated December 31, 1935, from Major Hallam to you, Mr. Dodd, which appears to be a circular letter, with your name and Paton Manufacturing Company typed in. It reads as follows:

> "As agreed, the Paton Manufacturing Company has informed me that owing to competition from Hield Bros. for 15-ounce grey serge at $1.65 to one of their customers, they have accepted an order, half at $1.67½ and half at $1.70. This was done to retain their customers."

Do you remember what the incident was that is referred to there? A. I am trying to recall it. I can only recall the principle of it, not the details.

Q. All right, give us what you can. A. In 1935 Hield was not bound in any way to this group

THE COMMISSIONER: That is after a certain time. There is his letter in which he says that was written on December 17.

ROBT. BRYDIE
C. ARTIFICIAL STONE MANUFACTURER
TORONTO - CANADA

MR. McRUER: 1934.

THE COMMISSIONER: Oh yes, I beg your pardon.

THE WITNESS: Previous to that Hield had not been in touch with this group, only by telephone message, for it was agreed to by him that he would answer inquiries as to the prices he was quoting. He agreed to do that, but in 1935 that had generally disappeared.

BY THE COMMISSIONER: Q. That had what? A. That had generally disappeared.

Q. That is, he would not even telephone you? A. He would not even telephone.

MR. McRUER: Dimplomatic relations had been severed.

THE WITNESS: Practically severed. I think there was some discussion from time to time but I do not think we considered him in and he did not consider us. From practically the time that Hield left, while we continued to send out these bulletins on prices below which we thought we should not go, each and every one of us had the option at any time we wanted to meet any outside prices, and we had the privilege of doing so without asking permission of anyone.

BY MR. McRUER: Q. What do you mean by meeting outside prices? A. Prices outside the country or outside of our group. I think we all met those conditions as we found them during that period. So I rather think that this is what that would apply to, but I cannot remember the details of the incident itself.

Q. I am looking at a price list contained in

there was some discussion from time to time but I do not think we considered him in and he did not consider us. From practically the time that Field left, while we continued to send out those balloting on prices below which we thought we should not go, each and every one of us had the opportunity at any time we wanted to meet any market prices, and we had the privilege of doing so without asking permission of anyone.

BY MR. MORDEN: Q. What do you mean by meeting outside prices? A. Prices outside the country or outside of our group. I think we all met those conditions as we found them during that period. So I rather think that this is what that would apply to, but I cannot remember the details of the incident itself.

Q. I am looking at a price list contained in

Exhibit 765, dated September 20, 1935, which is the last preceding one that I am able to find. Can you find me the 15-ounce grey serge that is mentioned in this letter of Mr. Hallam?

A. I think he describes that as 15-ounce.

Q. Yes, 15-ounce grey serge that Hield Bros. had been quoting at $1.65 and that you had quoted at $1.67½ and $1.70 to retain customers. A. That must have applied to that one.

(Page 10950 follows)

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CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

Q. The one you are pointing to the price is $1.70? A. Yes, that is minimum price.

Q. So that the group price was apparently $1.70, Hield had sold at $1.65 and then you had sold part at $1.67½ and part at 1.70? A. Yes.

THE COMMISSIONER: Where does that appear from - from a letter?

MR. McRUER: That Paton had sold at that?

THE COMMISSIONER: Yes.

MR. McRUER: That is in this letter.

THE COMMISSIONER: According to that letter the understanding must have been that if you did lower your price in some instance to meet what you called outside competition you would inform Mr. Hallam of having done that?

THE WITNESS: Exactly.

MR. McRUER: Q. And then Mr. Hallam would send out a circular to those who were in the group telling them of what you had done? A. Yes.

Q. And that would be the type of circular that we have here, that we are reading from? A. Exactly.

Q. Now, I want you to look at just another bunch of teletypes - I am not going to take you through the wearisome task of having them read? A. (Witness looks through bunch of teletypes): Yes, I identify this, I identify them all.

Q. You identify these as coming from the files of the Paton Manufacturing Company? A. I do.

Q. The one you are pointing to the price is $4.70?

A. Yes, that is minimum price.

Q. So that the group price was approximately $4.?.

Wiehl had sold at $4.00 and then you had sold part at $4.07½ and part at 4.70? A. Yes.

THE COMMISSIONER: Where does that appear from - from a letter?

MR. HOWARD: That Patton had sold at that?

THE COMMISSIONER: Yes.

MR. HOWARD: That is in this letter.

THE COMMISSIONER: According to that letter the understanding must have been that if you did lower your price in some instance to meet what you called outside competition you would inform Mr. Rollins of having done that?

MR. MCHUGH: Q. And then Mr. Rollins would send out a circular to those who were in the group telling them of what you had done? A. Yes.

Q. And that would be the type of circular that we have here, that we are reading from? A. Exactly.

Q. Now, I want you to look at just another bunch of [illegible] - I am not asking to take the time through [illegible] A. [illegible]

[illegible] Q. Identify these as coming from the files of the Paton Manufacturing Company? A. I do.

Q. And that they are teletype messages from this file --- A. That passed between myself and others.

Q. Yourself and others that are designated on them?

A. Yes.

EXHIBIT 769: Bundle of teletype messages between the Paton Company and others.

THE COMMISSIONER: About the same topic?

MR. McRUER: Yes.

THE COMMISSIONER: Prices?

MR. McRUER: Yes, price agreements.

Q. There is just one I want to refer to, it is dated the 8th of January, 1936, Mr. Dodd to Mr. Guard - Guard being a Toronto salesman? A. Yes.

"Will you quote the following prices to everyone with the exception of Tip Top, who, unfortunately, were quoted by Dominion Woollens yesterday on old basis and Mr. Cooke (who has just been talking with me by telephone) cannot withdraw them, and suggests that we quote Tip Top on old basis as he has done and he will, along with us, quote new prices to everyone else. Is that satisfactory to you?"

Yougive a column with your number and a column with the Dominion Woollens'number, and a column with the prices to be quoted? A. Yes.

Q. Now, can you tell me whether those were increases over the previous prices?

ROBT. BRYDIE
Chartered Stenographic
Reporter

TORONTO - CANADA

Todd

Todd

4. And that they are teletype messages from this

File --- A. That passed between myself and

others.

. Yourself and others that are designated on the

5 s. Yes.

EXHIBIT NO#: Bundle of teletype messages
between the Eaton Company and
others.

THE COMMISSIONER: About the same topic?

10 [illegible] Yes.

THE [illegible]: Right?

[illegible]: Yes, [illegible].

4. There is just one I want to refer to, it is

dated the 8th of January, 1930, Mr. Todd to Mr. Smart -

15 Smart being a Toronto salesman? A. Yes.

"Will you quote the following prices to

ex Lyons with the exception of Tip Top, who,

unfortunately, were quoted by Dominion Woollens

20 yesterday on old basis and Mr. Cooke (who has

just been talking with me by telephone) cannot

withdraw them, and suggests that we quote Tip

Top on old basis as he has done and he will,

along with us, quote new prices to exLyons

25 else. Is that satisfactory to you?"

Yourgive a column with your number and a column with t[illegible]

Dominion Woollens number, and a column with the prices

to be quoted? A. Yes.

30 . Now, can you tell me whether those were increa[illegible]

over the previous prices?

THE COMMISSION R: Just a minute. The letter says what was quoted was the previous price. Now, was that previous price higher than the current price?

MR. McRUER: Higher than the one set out in this message.

THE COMMISSIONER: Lower --

THE WITNESS: I cannot tell from memory, your lordship. The message implies that the previous price was lower, that would be my interpretation of it.

MR. McRUER: There are three or four messages on that day and we may be able just to clear it up. The first message is from one Tate to you - who is Tate? A. He is one of the men in our Toronto office:

"Your M 219 re Dominion Woollens. Re contract cloths for Railways. Mr. Cooke is out to lunch at present and have left this message there and as soon as he gets back they will advise us regarding these prices."

THE WITNESS: Is that on the same date?

Q. Yes, that is the 8th of January, 1936. And the next is about 15 minutes later on the same date from Dodd to Tate:

"Dominion Woollens - will you please call Mr. Cooke again in half an hour, and let me know quickly."

And then the next is Tate to Dodd at about an hour later:

Mr. Brydie: Just a minute. The letter says what was quoted was the previous price. Now, was that previous price higher than the current price?

Mr. Todd: Higher than the one set out in this [illegible].

The Witness: I cannot tell from memory, your Lordship. The message implies that the previous price was lower, that would be my interpretation of it.

On that day and he may be able just to [illegible] it up. The first message is from one Tate to you - who is Tate?

A. He is one of the men in our Toronto office:

"Your M19 re Dominion Woollens. No comment at present and have left this message there and as soon as we have been they will advise us regarding these prices."

The Witness: Is that on the same page?

A. Yes, that is the 8th of January, 1929. And the next is about 15 minutes later on the same date from [illegible]:

"Dominion Woollens - will you please call Mr. [illegible] quickly."

And then the next is Tate to Dodd : about an hour later:

"Your M. 255 re Dominion Woollens, Mr. Cooke has just come in and he advises he will let us have reply to your message within the next 15 minutes." And then the next is at 4 o'clock in the afternoon, half an hour later. This is from Dodd to Tate:

"Dominion Woollens - Thanks for your message. Mr. Cooke has just been talking to me by telephone."

And then at the same hour a wire to Guard, which I at first read, from Mr. Dodd, setting out the prices and saying that Cooke had quoted to Tip Top on the old basis and was not in a position to withdraw them. Then there is a wire following that, two days later, on the 10th of January. I think we have got the information we want on this one. It is from Douglas Hallam to Mr. Dodd:

"Dominion's new prices blue serge 13 oz. and 15 oz. higher than you suggest---"

A. I wonder if that would apply ---

Q. No, that won't apply to the same thing. This is group cloth price? A. I judge that is group price.

Q. At any rate we will have this letter as it is in the current year that we are in now.

"Dominion's new prices blue serge 13 oz. and 15 oz. higher than you suggest, 17 oz the same and 19 oz 5 cents less. Their suggestion on greys is 5 cents up instead of 10 cents. They propose fancy piece

just come in and he advises me will let me have
reply to your message within the next 15 minutes."
And then the next is at 4 o'clock in the afternoon,
half an hour later. This is from Dodd to Pete:

"Dominion Woollens - Thanks for your
message. Mr. Cooke has just been talking
to me by telephone."

and then at the same hour a wire to Dodd, which I
at first read, from Mr. Dodd, setting out the prices
and saying that Cooke had quoted to Tip Top on the
old basis and was not in a position to withdraw them.
Then there is a wire following that, two days later,
on the 10th of January. I think we have got the
information we want on this one. It is from Douglas
Allan to Mr. Dodd:

"Dominion's new prices blue serge 15 cw. and 15 oz.
higher than you suggest---"

I wonder if that would apply ---

this is group cloth prices?

10 cents. They propose fancy plaids

dyes no increase because they have found prices of fancies conflict with sale of piece dyes." Now then, there is some pencil memo up here, is that your handwriting? A. Yes.

Q. Now, it is 15 oz. - 12----

A. May I see it. Sometimes my own handwriting is not very clear to myself. It is blue serges at any rate- 15 oz, 12½ cents up. 16 oz. 15 cents up. 17 oz. 15 cents up. I have laid out here just what they have given me, which is put down here. "Grey serges 5 cents and up all round." I have just written here the substance of the message.

Q. Yes, it says they are higher but it does not set up the amount, so that yourpencil memo sets out the increases in the price? A. The increases which would be over and above the previous list. That would be what he got at.

Q. Now, I have another couple of letters here. One is from yourself to Canadian Woollen Knit Goods Association. Exhibit 770,

EXHIBIT 770: Copy of letter from Paton Manufacturing Company to Can. Knit Goods Association, July 1, 1934.

"ATTENTION OF MR. DOUGLAS HALLAM:

When you are sending out the revised prices arranged yesterday, would you kindly note to send one direct to Mr. Leach of the Leach Textiles Ltd., Huntingdon, Que.

In talking with Mr. Leach the other day, I

Now then, there is some pencil memo up here, is that

Q. Yes.

A. Now, 15 is 15 oz. - 16----

Q. Why I use it. Sometimes my own handwriting is

not very clear to myself. It is blue merges at any rate

15 oz, 15½ cents up. 16 oz. 16 cents up. 17 oz.

18 cents up. I have laid out here just what they

have given me, which is put down here. "Grey merges

5 cents and up all round." I have just written here

the substance of the message.

A. Yes, it says they are higher but it does

not set up the amount, so that Youngpencil memo sets out

the increases in the price?

Q. Now, I have another couple of letters here.

One is from Youngpencil to Canadian Woollen Knit Goods

Association. Exhibit 772.

EXHIBIT 772: Copy of letter from Robson Manufacturing Company to Can. Woll. Knit Goods Association, July 1, 1954.

"EXHIBIT 772 - Copy of Letter"

Copy to Harvard Company Ltd. Lone Tree Avenue

Mr. Charles Wheeler with reference above."

Q. Yes.

A. Now, 15 is 15 oz. - 16----

Q. Why I use it. Sometimes my own handwriting is

not very clear to myself. It is blue merges at any rate

15 oz, 15½ cents up. 16 oz. 16 cents up. 17 oz.

18 cents up. I have laid out here just what they

have given me, which is put down here. "Grey merges

5 cents and up all round." I have just written here

the substance of the message.

A. Yes, it says they are higher but it does

not set up the amount, so that Youngpencil memo sets out

the increases in the price?

Q. Now, I have another couple of letters here.

One is from Youngpencil to Canadian Woollen Knit Goods

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EXHIBIT 772: Copy of letter from Robson Manufacturing Company to Can. Woll. Knit Goods Association, July 1, 1954.

"EXHIBIT 772 - Copy of Letter"

Copy to Harvard Company Ltd. Lone Tree Avenue

Mr. Charles Wheeler with reference above."

told him that I would ask you to kindly forward a copy of each change in prices to him. They are observing the minimum prices as laid down by the Association."

So that apparently indicates that Mr.Leach came into line? A. For a certain time, yes.

Q. And the other is a letter from Mr. Hallam to Dodds dated July 4th, 1934:

EXHIBIT 771: Letter from Douglas Hallam to Mr. Dodd, dated July 4, 1934.

"The Dominion Woollens and Worsteds advise me they find that they are encountering great customer resistance on their 13 and 14 oz. grey serges, not over 60's, at 1.75 and $1.85 respectively. The reason for this is that, while the general list is down 15¢, the 14 oz. is down only 5¢ and the 13 oz. 10¢. They are of the opinion, from this experience, that the price should be for grey serges:

	13 oz.	14 oz.
Not over 60's	1.70	1.80
Not over 64's	1.80	1.90

and that this reduction would enable them to meet their customers' objections.

Please advise this office by wire or telephone if you are agreeable to this change. You will be advised of the result of this enquiry."

Q. Now, That would be dealing with cloths that

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

told him that I would ask you to kindly forward a copy of each change in prices to him. They are observing the minimum prices as laid down by the Association."

So that apparently indicates that Mr.Leech came into line? A. For a certain time, yes.

. And the other is a letter from Mr. Bellam to Dodd dated July 4th, 1924:

EXHIBIT 771: Letter from Douglas Bellam to Mr. Dodd, dated July 4, 1924.

"The Dominion Woollens and Worsteds advise me they find that they are encountering great customer resistance on their 18 and 13 oz. grey serges, not over 60's, at 1.75 and $1.85 respectively. The reason for this is that, while the general list is down 15%, the 14 oz. is down only 5% and the 13 oz. 10%. They are of the opinion, from this experience, that the price should be for grey serges:

	13 oz.	14 oz.
Not over 60's	1.70	1.80
Not over 64's	1.80	1.90

and that this reduction would enable them to meet their customers' objections.

Please advise this office by wire or telephone if you are agreeable to this change. You will be advised of the result of this enquiry."

. Now, that would be dealing with cloths that

were under the group arrangement? A. Yes, under the group arrangement.

Q. And the complaint was apparently that the prices that were fixed were so high that they were obstructing the sales, at any rate? A. Well, of course, changes of conditions arise even in a few weeks' time and they have to meet those things from time to time as they arrive.

--

-- Adjourned at 12.30 P.M. to resume at 2.00 P.M.

(Page 10958)

were under the group arrangement? A. Yes, under the group arrangement.

Q. And the complaint was apparently that the prices that were fixed were so high that they were [illegible] Q. All of course, changes of circumstance arise even in a few weeks time and they have to meet those things from time to time as they arise.

-- Adjourned at 12:00 P.M. to resume at 2:00 P.M.

(High Irish)

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

AFTERNOON SESSION

-- The Commission resumed at 2 P.M.

J. G. DODD, Examination continued.

BY MR. McRUER: Q. Now, Mr. Dodd, I show you some further correspondence. Will you look at it and tell me if you identify it as correspondence coming from the files of the Paton Manufacturing Company ? A. Yes, Mr. McRuer, I identify those.

Q. Now, this is correspondence between --

THE COMMISSIONER: Is this a new exhibit ?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: 772.

EXHIBIT NO. 772: File of correspondence between the Paton Manufacturing Company and the Barrymore Cloth Company.

BY MR. McRUER: Q. Between the Paton Manufacturing Company and the Barrymore Cloth Company, apparently ? A. That is right.

Q. The first letter -- I shall have to run through this correspondence with you, Mr. Dodd -- is dated the 19th of January, 1934, and is from yourself to Mr. A. E. Craig, Barrymore Cloth Company. Now, Mr. Craig occupies what position with the Barrymore Cloth Company? A. Sales Manager of the Barrymore Cloth Company.

Q. It reads as follows:-

"I have your letter of the 18th instant.

-- the Commission resumed at 2 P.M.

d. d. sing, Examination continued.

BY MR. [illegible]: Q. Now, Mr. Sing, I show you some further correspondence, will you look at it and tell me if you identify it as correspondence coming from the files of the Eaton Manufacturing Company ?

A. Yes, I identify those.

Q. Now, this is correspondence between --

THE COMMISSIONER: Is this a new exhibit ?

MR. [illegible]: Yes, My Lord.

THE REGISTRAR: 174.

EXHIBIT NO. 174: File of correspondence between the Eaton Manufacturing Company and the Barrymore Cloth Company.

BY MR. [illegible]: Q. Between the Eaton Manufacturing Company and the Barrymore Cloth Company, apparently ?

A. That is right.

Q. The first letter -- I shall have to run through this correspondence with you, Mr. Sing -- is dated the 15th of January, 1934, and is from yourself to Mr. -- E. Ewing, Barrymore Cloth Company, New York. Mr. Craig explains what position with the Barrymore Cloth Company

A. Makes answer: It reads as follows:-

"I have your letter of the 11th instant.

"When you called me by telephone after receipt of your second letter giving your minimum and maximum prices, we were discussing comparison of cloths, and I mentioned to you that apart from Class 5940 there were other cloths on which we had a quantity price of 10¢. Am really not certain that I gave you the list of those, although I did mention #5960 as being one. This was in connection with your maximum and minimum prices as mentioned in your letter.

"However, so that you will have the whole picture I am giving you our class numbers and the maximum and minimum prices, but wherever the minimum price applies it will only be used where any large quantity is involved. As a matter of fact I have been hoping that after the telephone conversation I had with Major Hallam on Wednesday, that we could arrange a meeting some time early next week, other than Monday or Tuesday, to see if we should not put these prices up, and I would be very glad to hear if Major Hallam has been able to arrange a meeting. I believe he was waiting to hear from Mr. Downs.

"With regard to 5940. You are quite correct, the minimum price is only to be quoted to the two firms, and we have not quoted less than $3.10".

Now, when you --

THE COMMISSIONER: Pardon me a moment, what is

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

"When you called me by telephone after receipt of your second letter giving your minimum and maximum prices, we were discussing comparison of cloths, and I mentioned to you that apart from Class 5940 there were other cloths on which we had a quantity price of 10¢. As really not certain that I gave you the list of those, although I did mention #5960 as being one. This was in connection with your maximum and minimum prices as mentioned in your letter.

"However, so that you will have the whole picture I am giving you our close numbers and the maximum and minimum prices, but wherever the minimum price applies it will only be used where any large quantity is involved. As a matter of fact I have been hoping that after the telephone conversation I had with Major Bolton on Wednesday, that we could arrange a meeting some time early next week, either then Monday or Tuesday, to see if we should not put these prices up, and I would be very glad to hear if Major Bolton has been able to arrange a meeting. I believe he was waiting to hear from Mr. Burns.

"With regard to 5940. You are quite correct, the minimum price is only to be quoted to the two firms, and we have not quoted less than 13.10".

When You --

COMMISSIONER: Pardon me a moment, what is

the date of that.

MR. McRUER: The 19th of January, 1934, my lord.

THE COMMISSIONER: Written by whom ?

MR. McRUER: Mr. Dodd to A. E. Craig, sales manager of Barrymore Company. Now, when you said that the minimum price is only to be quoted to two firms you meant this, I take it, that you were giving the minimum and maximum prices to the Barrymore Company and that outside of these two firms the higher price would be quoted ? A. We would not be quoting the Barrymore Company --

BY THE COMMISSIONER: Q. Louder. A. We would not be quoting the Barrymore Company on the cloth itself. We would simply tell them what our price was going to be and that there were two firms to whom we would only quote the minimum price.

BY MR. McRUER: Q. Yes, that is what I mean? A. Two firms, I was really letting Barrymore know in that letter just what our prices were. I said to him "There will be two firms only to whom we will give these minimum prices."

Q. Of course, Barrymore would know what the minimum prices were ? A. Yes.

Q. They would know that from the group ? A. From the correspondence; these cloths -- I think this letter has two meanings, rather, is referring to two affairs.

Q. All right, you tell us. A. I would take it when I am speaking about the maximum and minimum on certain of these cloths that we refer to the group but

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the date of that.

MR. MORDEN: The 19th of January, 1934, my Lord.

THE COMMISSIONER: Written by whom ?

[illegible] Barrymore Company. Now, when you said that the minimum price is only to be quoted to two firms you meant this, I take it, that you were giving the minimum and maximum prices to the Barrymore Company and that outside of these two firms the higher price would be quoted ? A. We would not be quoting the Barrymore Company --

BY THE COMMISSIONER: Q. Louder. A. We would not be quoting the Barrymore Company on the cloth itself. We would simply tell them what our price was going to be and that there were two firms to whom we would only quote the minimum price.

BY MR. [illegible]: Q. Yes, that is what I mean? A. Two firms, I was really letting Barrymore know in that letter just what our prices were. I said to him "There will be two firms only to whom we will give these minimum prices."

Q. Of course, Barrymore would know what the minimum prices were ? A. Yes.

Q. They would know that from the group ?

A. From the correspondence; these clothes -- I think this letter has two meanings, rather, is referring to two affairs.

[illegible] -- I would [illegible]

when I am speaking of definite cloths like 5940 and 5960 I am speaking of cloths that are not included in the group.

Q. They are not included in the group arrangement, but they were cloths to which Barrymore had a similar cloth ? A. A similar cloth.

Q. A similar cloth to yours ? A. Yes.

Q. And the other mills that were in the group might not be manufacturing a similar cloth ? A. Yes, that is quite right.

Q. So this would be sort of an independent arrangement you had with Barrymore because the other mills did not manufacture these ? A. Well, this morning I think -- in fact, I know I told you in answer to a question that at one time we endeavoured to examine the possibilities of making some similar arrangement on the woollen goods to that which we had already made on the worsteds, but that never did come to anything after various discussions, and these letters are part of that discussion.

. But are these cloths you mentioned that would not be included in the group arrangement, are they woollens or worsteds ? A. They are woollens.

Q. They are woollens? A. Yes.

Q. At any rate, you mentioned here that "As a matter of fact I have been hoping that after the telephone conversation I had with Major Hallmm on Wednesday that we could arrange a meeting some time early next week, other than Monday or Tuesday, to see if we should not put these prices up." A. I think

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when I am speaking of definite cloths like 5940 and 5980 I am speaking of cloths that are not included in the group.

Q. They are not included in the group arrangement, but they were cloths to which Derrymore had a similar cloth?

A. Yes.

Q. And the other mills that were in the group might not be manufacturing a similar cloth? A. Yes, that is quite right.

Q. So this would be part of an independent arrangement you had with Derrymore because the other mills did not manufacture these? A. Well, this morning I think -- in fact, I know I told you in answer to a question that at no time we endeavoured to examine the possibilities of making some similar arrangement on the woollen goods to that which we had already made on the worsteds, but that never did come to anything after various discussions, and these letters are part of that discussion.

Q. But are these cloths you mentioned that were not be included in the group arrangement, are they woollens or worsteds? A. They are woollens.

Q. They are woollens? A. Yes.

Q. At any rate, you mentioned here that "as a matter of fact I have been hoping that after the telephone conversation I had with Mr. Ker Hallam on wednesday the two could arrange a meeting some time early next week, other than Monday or Tuesday, to see if we should not put these orders up." A. I think

in that instance, Mr. McRuer, I must have been referring to the group .

Q. The group prices ? A. I would say so. You see, these prices are -- my letter probably is not quite plain, but I think it would have been plain at that time to Mr. Craig, and while I do not remember back distinctly from my own interpretation of that I feel there that is what must have been meant because it was only at that time we were commencing to discuss the possibility of making arrangements on woollen cloths apart from worsteds.

Q. Just wait a moment till I see if I have that letter of January 18th, 1934 that is referred to there. No, it does not seem to be in this file but it may have got mixed into one of the other files. Well, then, there is another letter of August 2nd, 1934 from Craig to yourself which reads as follows:

"This morning we received a letter from our Montreal representative advising"

THE COMMISSIONER: Craig of the Barrymore Company ?

MR. McRUER: Of the Barrymore Company, yes, my lord.

"--advising that you have reduced your prices for piece dye fancy worsteds. As we did not understand that any change in price of these goods was decided upon by the mills, it was a great surprise to us to receive this information. Our position in this matter, is that we have been endeavouring to maintain listed prices for these

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in that instance, Mr. Monnet, I must have been referring to the group.

Q. The group prices? A. I would say so. You see, these prices are -- my letter probably is not quite plain, but I think it would have been plain at that time to Mr. Craig, and while I do not remember back distinctly from my own interpretation of that I feel there that is what must have been meant because it was only at that time we were contemplating to discuss the possibility of making arrangements on [illegible] apart from ourselves.

Q. Just wait a moment till I see if I have that letter of January 16th, 1924 that is referred to there. No, it does not seem to be in this file but it may have got mixed into one of the other files. Well, then, there is another letter of August 3rd, 1924 from Craig to Yourself which reads as follows:

"This morning we received a letter from our [illegible]

THE COMMISSIONER: Craig of the Bertymore Company?

MR. MONNET: Of the Bertymore Company, yes, my [illegible].

"--advising that you have reduced your prices for piece dye fancy worsteds. As we did not understand that any change in price of those goods was decided upon by the mills, it was a great surprise to us to receive this information. Our position in this matter, is that we have been [illegible] to maintain listed prices for these

goods, whereas your Company has been quoting from a lower list for approximately a week's time, without any general understanding of the mills, or any notice being issued that this departure was decided upon.

"From our recollection of former conversations you have always strenuously opposed making any change in prices until a meeting has been held and reasonable notice has been given to all the mills concerned. In fact, we are quite sure you have been one of the strongest advocates of this procedure and on occasions you have taken the lead in criticising others who have not strictly adhered to the established understanding in this regard."

Now then, I might pause there for a minute; would you say that correctly states your attitude in respect to the matter ? A. It does state my attitude, Mr. McRuer, exactly.

Q. And there apparently was an understanding that prices would not be reduced until the mills had met and decided upon it ? A. Exactly.

Q. "We realize that some conversation took place following the executive meeting held on July 25th last between pepresentatives of certain mills, but it was not our understanding that anything definite was decided and in any case, it was not a regularly called meeting of the mills and could only be regarded as an informal conversation.

...ough, whereas your company has been quoting
...rom a lower list for approximately a week's
...mills, or any notice being issued that this de-
...parture was decided upon.

...Upon our rectification of former conver-
...sations you have since a strenuously opposed
...making any change in prices until a meeting
...has been held and reasonable notice has been
...given to all the mills concerned. In fact,
...we are quite sure you have been one of the
...strongest advocates of this procedure and on
...occasions you have taken the lead in criti-
...cizing others who have not strictly adhered
...to the established understanding in this re-
...gard."

...Now then, I might pause there for a minute; would you
...say that correctly states your attitude in respect to
...the matter ? A. It does state my attitude, Mr. Bolton,
...exactly.

...And what apparently was in contemplation that
...mills should do ... decided upon it ? A. Exactly.

Q. "We realize that some conversation took place following the executive meeting held on July 25th last between representatives of certain mills, but it was not our understanding that anything definite was decided and in any case, it was not a regularly called meeting of the mills and could only be regarded as an informal conversation.

"Under these circumstances you can quite readily understand that the developments which have taken place without any regular decision, without any regular notice, without any understanding or knowledge on our part that these revisions would be made without further consultation and discussion, and quite astounding and beyond understanding.

"We hardly know how to express our feelings in this matter, but it must be evident that if action of this nature is going to be taken by individual mills without holding a meeting or without a regular notice being issued to all the mills the basis of any co-operation which has existed is immediately removed and our understandings are not of any consequence. We hesitate to give notice of withdrawal until it is possible to hold a meeting but we are greatly disturbed by this development and unless satisfactory explanations and assurances can be given, we fear there will be no alternative but for us to operate independently in future."

Now, that is August 2nd. You reply to Mr. Craig on August 6th, 1934. Your reply reads as follows:

"I have your letter of the 2nd instant, and you may be sure that our telephone conversation from Major Hallam's office the same day was as much a surprise to me as evidently our action in reducing price of Fancy Piece

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"Under these circumstances you can quite
readily understand that the developments which
have taken place without any regular meeting
without any regular notice, without any under-
standing or knowledge on our part that these
revisions would be made without further consul-
tation and discussion, and quite astounding
and beyond understanding.

"We hardly know how to express our feel-
ings in this matter, but it must be evident
that if action of this nature is going to be
taken by individual mills without holding a
meeting or without a regular notice being is-
sued to all the mills the basis of any co-
operation which has existed is immediately
removed and our understandings to not of any
consequence. We hesitate to give notice of with-
drawal until it is possible to hold a meeting
but we are greatly disturbed by this develop-
ment and unless satisfactory explanations and
assurances can be given, we fear there will be
no alte native but for us to operate inde-
pendently in future."

"I have your letter of the 2nd instant,
and you may be sure that our telephone con-
versation from Major Bellom's office the same
day was not a surprise to me. Certainly
our action in reducing price of Navy Plugs

was to you."

Was it as much a surprise -- Oh yes --

THE COMMISSIONER: I would like you to commence that again. First give me the date.

MR. McRUER: It is the 6th of August, 1934, my lord.

"I have your letter of the 2nd instant, and you may be sure that our telephone conversation from Major Hallam's office the same day was as much a surprise to me as evidently our action in reducing price of Fancy Piece Dyes was to you. You can be further assured that I would be the last person in our Association to put out any revised downward prices without it first being sanctioned and agreed to by the entire association. I have always held, and will continue to hold the thought that the whole well being of our Association can only be preserved by positive joint action on such matters instead of any individual action.

"On July 23rd last I received from Major Hallam, teletype message to the effect that Colonel Evans suggested to Mr. Hayes that the list shall be, -

11 3/4 Oz.	$1.47
12 3/4 "	1.55
13 3/4 "	1.67 1/2

for warp decoration, and for the same weights in warp, and weft decoration, 10¢ per yard higher. This followed some telegraphic communication between Major Hallam's office and Colonel Evans and

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was to You."

MR. COMMISSIONER: I would like you to commence that again. First give me the date.

MR. MORTON: It is the 6th of August, 1934, my Lord.

"I have your letter of the 2nd instant, and you may be sure that our telephone conversation from Major Hallam's office the same day was as much a surprise to me as evidently our action in reducing price of Ramoy Fleece Dyes was to You. You can be sure I assured them I would be the last person in our Association to put out any revised downward prices without it first being sanctioned and agreed to by the entire Association. I have always held, and will continue to hold the thought that the whole well being of our Association can only be preserved by positive joint action on such matters instead of any individual action.

"On July 23rd last I received from Major Hallam, telatype message to the effect that Colonel Evans suggested to Mr. Noyes that the list shall be, -

12 3/4 cs.	.....	1.47
15 3/4 "	.....	1.65
15 3/4 "	.....	1.67 1/2

for warp decoration, and for the same weights in warp, and weft decoration, 10¢ per pound higher.

This telegram [illegible] communication [illegible]

your conversation with Mr. Hayes, who called me from Montreal at Magog the previous Friday.

"Later, following the Executive meeting in Toronto, I told Messrs Barrett, Hallam, Hayes, and Douglas that as Colonel Evans had taken the initiative and was putting out these prices, I felt that as far as Patons were concerned, we were going one better and would make prices still lower. I believed some action like that would have to be taken to bring St.Johns Textile in line with the thought and feeling of the other members of the Association. I felt he had no right to insist on advancing prices without calling a meeting and having it agreed with everyone. Those who were in Toronto office will surely remember that conversation."

Now, you have mentioned there advancing prices. What Barrymore was complaining about was you reducing prices ? A. I am just wondering whether that word "advancing" is there inadvertently.

Q. Whether it meant "putting out" instead of "making higher", putting out prices ? A. Yes, that word probably does not describe the exact action.

Q. Yes.

"Those who were in Toronto office will surely remember that conversation. It was argued back at me, that that would no doubt create an unfavorable condition, that it would be better to accept Colonel Evans' suggestion of prices and hold Evans in the Association. I remember Harvey

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your conversation with Mr. Hayes, who called me from Montreal at Wegog the previous Friday.

"Later, following the executive meeting and Douglas that as Colonel Evans had taken the initiative and was putting out these prices, I felt that as far as Petrie were concerned, we were going one better and would make prices still lower. I believed some action like that would have to be taken to bring St.Johns Textile in line with the thought and feeling of the other members of the Association. I felt he had no right to inaugurate on advancing prices without calling a meeting and having it agreed with everyone. Those who were in Toronto office will surely remember that conversation."

Now, you have mentioned there advancing prices. When Barrymore was complaining about was you reducing prices ? A. I am just wondering whether that word "advancing" is there inadvertently.

Q. Whether it meant "putting out" instead of "making higher", putting out prices ? A. Yes, that word probably does not describe the exact action.

Q. Yes.

"Those who were in Toronto office will surely remember that conversation. It was argued back at me, that that would no doubt create an unfavorable condition, that it would be better to accept Colonel Evans' suggestion of prices and hold Terms in the Association. I impress Barry

Douglas argued that at least we would then know what he was doing whereas if we forced him out of the Association by going under his price we would not have direct first-hand information of his prices.

"My understanding, as the result "

THE COMMISSIONER: Pardon me, Harvey Douglas, who is he ? A. He is with the Dupont Textile Company in Toronto, your lordship .

BY MR. McRUER: Q. And he was president was he not, at this time of the worsted section ? A. 1934, yes, I should say he was.

Q. President or Chairman, I think they call it? A. Chairman of the Worsted section.

Q. Of the Canadian Woollen and Knit Goods Manufacturers' Association ? A. Yes.

Q. "My understanding, as the result of that meeting which I agree was not a formal called meeting, was that each and everyone was adopting these prices. I told the members then present that we would not change our cloths to the weight that Colonel Evans mentioned he wanted on 13 Oz. and 14 Oz. Cloth and would have to apply to 13 Oz. the same price as 12 3/4 Oz. and to 14 Oz. the same price as 13 3/4 Oz."

Now, is it correct to say what Colonel Evans wanted to do was to sell 13 Oz. cloth at the same price as he had been selling 12 3/4 Oz. cloth ? A. No. We have established weights, 12 Oz., 13 Oz., and 14 Oz.,

Douglas stated that at least we would then know what he was doing whereas if we forced him out of the association by going under his price we would not have direct first-hand information of his prices.

"My understanding, as the result "

who is he ? A. He is with the Dupont Textile

Company in Toronto, your lordship .

BY MR. MONTGOMERY: Q. And he was president was he not, at this time of the worsted section ? A. 1934. Yes, I should say he was.

. Chairman of the worsted section.

. of the Canadian Woollen and Knit Goods Manu-

. "My understanding, as the result of that meeting which I agree was not a formal meeting, was that each and everyone was adopting these prices. I told the members then present that we would not change our cloths to the weight that Colonel Evans mentioned he wanted on 13 oz. and 14 oz. Cloth and would have to apply to 13 oz. the same price as 13 3/4 oz. and to 14 oz. the same price as 13 3/4 oz."

, is it correct to say what Colonel Evans wanted was to sell 13 oz. cloth at the same price as been selling 13 3/4 oz. cloth ? A. No.

weights, 13 oz., 13 oz., and 14 oz.,

and what Colonel Evans was endeavouring to do was to establish 11 3/4 Oz. instead of 12 Oz., 12 3/4 Oz. for 13 Oz. and 13 3/4 Oz. for 14 Oz. I objected to that because there must be a tolerance; no mill can make every piece of cloth quite exactly of the standard weight. You adopt a standard of say 13 Ozs. but it will vary a quarter of an ounce either way. That is to say, 13 Oz. will run from 12 3/4 to 13 1/4 ozs., and in endeavouring to establish a cloth which runs from 12 3/4 Oz. instead of the old established weight of 13 Oz., we would have a cloth running from 12 1/2 to 13 oz. and we would be upsetting the whole standards of all mills in Canada.

Q. Well, I am wondering why the mills could not put out cloths at the weights they desire. You say it would upset the business of the mills;if one mill wants to put out a cloth at a certain weight and charge a certain price for it, why not ? A. Why shouldn't they be able to do that ?

Q. Yes? A. Ordinarily that would be so. That applies to the woollen goods, as I have explained --

Q. What would be so --

MR. KELLOCK: Let him finish .

BY MR. McRUER: Q. All right, go on ? A. That would be so on the woollen goods. On the worsted goods as I have admitted we have had this understanding of the group prices, and to break away from these established weights would complicate matters with these other mills.

Q. In respect to these group prices ? A. Exactly

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and what Colonel Lyons was endeavouring to do was to establish 11 3/4 oz. instead of 12 oz., 12 3/4 oz. for 13 oz. and 13 3/4 oz. for 14 oz. I objected to that because there must be a tolerance: no mill can make every piece of cloth quite exactly of the standard weight. You adopt a standard of say 13 oz. but it will vary a quarter of an ounce either way. That is to say, 13 oz. will run from 12 3/4 to 13 1/4 oz., and in endeavouring to establish a cloth which runs from 12 3/4 oz. instead of the old established weight of 13 oz., we would have a cloth running from 12 1/2 to 13 oz. and we would be unsettling the whole standards of all mills in Canada.

Well, I am wondering why the mills could not put out cloths at the weights they desire. You say it would upset the business of the mills; if one mill wants to put out a cloth at a certain weight and charge a certain price for it, why not ? A. Why shouldn't they be able to do that ?

Q. [illegible] A. [illegible]

applies to the woollen goods, as I have explained --

Q. [illegible]

A. [illegible] not him Welsh.

Q. MACLEAN: O. All right, go on ? A. That would be so on the woollen goods. On the worsted goods as I have admitted we have had this understanding as to the group prices, and to break away from these established weights would complicate matters with the other mills.

Q. In respect to these group prices ? A. [illegible]

". Then it goes on "At that time there was no mention made of giving those prices an extra 1/4 Oz. tolerance, in f ct it is ridiculous for any man to claim 11 Oz. 12 Oz., 13 Oz. cloth which is granted a tolerance of 1/2 Oz. but which is not supposed to be as a permanent weight but only there to allow for some cloth which may inadvertently run over wiight which cannot in a practical way be dropped. To suggest an extra 1/4 Oz. tolerance on those weights would undoubtedly in Colonel Evans' case bring them to a standard of 11 3/4 Oz., 12 5/4 Oz., and 13 3/4 Oz. and which would at times run at least 1/4 Oz. heavier if that tolerance were taken as a standard, and you know it would be.

"The Paton Manufacturing Company could not agree to any such understanding, nor could we change our standard cloths that have already been established, to that weightand tolerance as suggested by Colonel Evans.

"Our action in putting out these reduced prices was done with the clear understanding that they were adopted by everybody, and a letter from Major Hallam's office under date of July 24th distinctly confirms these prices, and it is quite evident that at least that was his understanding as the result of the meeting.

"I have before me a teletype message from Major Hallam dated 22nd July, and on that message I have my pencil notes taken in his office

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". Then it goes on "At that time there was no mention made of giving those prices an extra 1/4 Oz. tolerance, in fact it is ridiculous for any man to claim 11 Oz. 12 Oz., 12 Oz. cloth which is granted a tolerance of 1/2 Oz. but which is not supposed to be as a permanent weight but only there to allow for some cloth which may inadvertently run over weight which cannot in a practical way be dropped. To suggest an extra 1/4 Oz. tolerance on those weights would undoubtedly in Colonel Evans' case bring them to a standard of 11 3/4 Oz., 12 3/4 Oz., and 13 3/4 Oz. and which would at times run at least 1/4 Oz. however if that tolerance were taken as a standard, and you know it would be.

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"I have before me a teletype message from Major Hellam dated 22nd July, and on that message I have my pencil notes taken in his office

in Toronto after the Executive Meeting, when Mr. Hayes told me that in a subsequent conversation Colonel Evans advised him that,

11 3/4 Oz. had been changed to .. $1.45
12 3/4 " " " " " .. 1.57 1/2
13 3/4 " remained at 1.67 1/2

with 10¢ per yard extra for Warp and Weft decoration. Those lead pencil figures were put on the teletype message right in Major Hallam's office.

"I grant that in some way there has been a misunderstanding, but I just want to have it clearly understood I believed that each and all there present had agreed to these same prices and that they were to be established immediately."

Now, the next is a letter dated the 6th of August, the same date, to Major Hallam from Mr. Dodd.

"To avoid any confusion or misunderstanding as to my own and Paton Manufacturing Company's action in putting out revised prices on Fancy Piece Dyes, I enclose copy of letter which I have today written Mr.Craig, of the Barrymore Cloth Company Limited. I am sending this so you will have this letter on your file ."

Then, the next letter I wish to refer to is dated the 25th of June, 1935 from Mr. Craig to Mr. Dodd:

"Under date of June 20th, 1934, prices of fancy piece dye worsteds were as follows:

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in regards of the executive meeting, when Mr. Noyes told me that in a subsequent conversation Colonel Evans advised him that,

"I grant that in some way there has been a misunderstanding, but I just want to have it clearly understood I believed that each and all there present had agreed to these same prices and that they were to be established immediately."

Now, the next is a letter dated the 6th of August, the same date, to Major Dallam from Mr. Dodd.

"To avoid any confusion or misunderstanding as to my own and Peton Manufacturing Company's action in putting out revised prices on Navy Twee, I enclose copy of letter which I have today written Mr.Craig, of the Parkmore Cloth Company Limited. I am sending this so you will have this letter on your file."

Then, the next letter I wish to refer to is dated the 25th of June, 1935 from Mr. Craig to Mr. Dodd:

"Under date of June 20th, 1934, prices of Navy plaid Overcoating were as follows:

11 3/4 oz. had been changed to .. $1.45
13 3/4 " " " " " .. 1.57 1/2
15 3/4 " remained at 1.67 1/2

This was prior to the execution of the telegram re the Navy Contract. Those Lead pencil figures were put on the telotype message right in Major Dallam's office.

"I grant that in some way there has been a misunderstanding, but I just want to have it clearly understood I believed that each and all there present had agreed to these same prices and that they were to be established immediately."

	Warp Decoration	Weft Decoration
12 Oz. -	$1.55	$ 1.65
13 Oz.	1.67½	1.77½
14 "	1.85	1.95

"About the same time 64 's merino warp tops were quoted at 32 pence. Against this, list prices of fancy piece dye worsteds are today as follows:

	Warp Decoration	Weft Decoration
12 Oz. -	$1.35	$ 1.45
13 " -	1.45	1.55
14 " -	1.60	1.70

"While 64's merino warp tops have been quoted at lower prices recently, we are today informed that the current price is 29 pence.

"From these figures you will note there is considerable discrepancy between the suiting prices as compared with the quotations for tops. What we are coming to is do y u consider this situation any justification for higher prices for fancy piece-dye suitings. We have been informed that St.John would not object to an advance of 5¢ per yard and we do not believe there would be any objection from othermills if you were agreeable.

"As We understand you will be giving this matter consideration this week, it occurred to us that it might be an opportune time to bring the matter to your attention.

"As we will also be showing in a few days, we would like to know how you regard this

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12 Oz. - $2.55	$ 1.85
13 Oz. 1.67½	1.72½
14 " 1.80	1.80

"About the same time 64 's nearing warp tops were quoted at 52 pence. Against this, list prices of fancy sleeve dye worsteds are today as follows:

Warp Descr-iption	Duty Paid
12 Oz. - 1.55	$ 1.45
13 " - 1.45	1.35
14 " - 1.60	1.70

"While 64's nearing warp tops have been quoted at lower prices recently, we are today informed that the [illegible] at 52 pence.

"From these figures you will note there is considerable difference between the existing prices as compared with the quotations for tops. What we are coming to is do you consider this situation any justification for higher prices for fancy sleeve-dye worsteds. We have been informed that St.John would not object to an advance of 5¢ per yard and we do not believe there would be any objection from otherwells if you have reasonable.

"As we understand you will be giving this matter consideration this week, it occurred to us that it might be an opportune time to bring the matter to your attention.

"As we will also be showing in a few days we would like to know how you regard this

suggestion in order that we may arrange accordingly."

Your reply to that is dated the 29th of June, 1935.

"I received in due course your letter of the 25th instant, but did not reply immediately as we have been considering our prices during Thursday and Friday of this week.

"I thought your suggestion a good one, but after a long discussion and in view of the fact that we have told many of our trade that we did not expect to advance the prices for next season over the current levels, and also in view of the fact that the other Worsted Companies have already established these same prices as their selling prices, we felt it would put us in a wrong position with the clothing manufacturers as a whole if we came out with an advance of even only 5¢ a yard.

"I further realize that the market on Tops and Yarn is not comparable to the present levels of cloth prices, but on enquiry I find that while English prices, bot on Piece Dyed Fancies and Yarn Dyed Fancies, had been advanced slightly, that in practically every instance, in the last week those advances have been discontinued or withdrawn and the former prices put into effect.

"In view of these facts I think it would be advisable for us to continue on the present levels for the first showing, but if

"I received in due course your letter of the 26th instant, but did not reply immediately as we have been considering our wholesale Thursday and Friday of this week.

"I thought your suggestion a good one, but after a long discussion and in view of the fact that we have told many of our trade that we did not expect to advance the prices for next season over the current levels, and also in view of the fact that the other worsted companies have already established these same prices as their selling prices, we felt it would put us in a wrong position with the clothing manufacturers as a whole if we came out with an advance of even only 2½ a yard.

"Tops and Yarn is not comparable to the present levels of cloth prices, but on enquiry I find that while English prices, bot on piece dyed [illegible] the last week those advances have been discontinued in effect.

"It would be advisable for us to continue on the present levels for the first showing, but if

there is no drop in the price of Tops or Yarn, even if they remain at their present levels, that later on we would make a general advance on all Worsted Cloths.

"I trust our decision in this matter will meet with your approval."

Barrymore replies on the 2nd of July, 1935 to you:

"Thanks for your letter of the 29th ultimo, replying to mine of the 25th ultimo.

"When I wrote you I realized it was probably rather late to take any action and we appreciate the circumstances to which you refer. We are proceeding to slow on the basis previously arranged, but consider quotations for tops and yarn are out of line with cloth prices and if they remain at their present levels some adjustment should be made in the near future.

"When you consider the situation is more favorable for taking any action of this nature we will be glad to confer with you again."

THE COMMISSIONER: What is the date of it?

MR. McRUER: That is dated the 2nd July, 1935, my lord.

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there is no drop in the price of Tops or Yarn,
even if they remain at their present levels,
that later on we would make a General advance
on all Worsted Clothe.

"I trust our decision in this matter will

Barrymore replies on the 2nd of July, 1925 to you:

"Thanks for your letter of the 26th ultimo,
replying to mine of the 23th ultimo.

"When I wrote you I realized it was pro-
bably rather late to take any action and we ap-
preciate the circumstances to which you refer.
We are proceeding to sow on the basis previously
arranged, but consider quotations for tops and
yarn are out of line with cloth prices and if they
remain at their present levels some adjustment
should be made in the near future.

"When you consider the situation is more
favorable for taking any action of this nature
we will be glad to confer with you again."

MR. MONTAGUE: What is the date of it?

MR. MONTAGUE: That is dated the 2nd July, 1925,

BY MR. McRUER: Q. Now, Mr. Dodd, I just want to get off my hands several files of correspondence that it is not my attention to go on with just now, but there may be some things in them that may explain other matters, and so on, and I should like to file these now. The first is a file of the Paton Manufacturing Company Limited, correspondence with Mield Bros. There are just three telegrams in it, 325, 326 and 327, A. Yes.

EXHIBIT 773:

MR. McRUER: I may say, my lord, in respect to these labels on the files, that with the exception of two of them they are not put on by the Paton Manufacturing Company, but it is a description of the contents of the file put on by Mr. Walton.

The next is a file, Paton Manufacturing Company Limited, Listed Prices. It is a file of correspondence and telegraph messages. The correspondence is numbered as follows, 250, 251, to 260 inclusive, 263, 265, 266, 267 268, 275, 278, 293, 294, 295, 296, 299, 300, 301. Those are the Paton Company's numbers. Each sheet is numbered with Mr. Walton's figures, indicating what file it belongs to.

EXHIBIT 774: Paton Manufacturing Company Listed Prices.

MR. McRUER: The next is a file of teletype messages passing between Mr. Dodd and others, some to Mr. Hallam.

EXHIBIT 775: Correspondence btween Mr. Dodd Mr. Hallam and others.

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CHARTERED STENOGRAPHIC REPORTER
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BY MR. MOLSON: Q. Now, Mr. Dodd, I just went to get off my memo several files of correspondence that it is not my attention to go on with just now, but there may be some things in them that may explain other matters, and so on, and I should like to file these now. The first is a file of the Peton Manufacturing Company Limited, correspondence with Miold Bros. There are just three telegrams in it, 285, 286 and 287. A. Yes.

EXHIBIT 272:

Mr. Molson: I may say, My Lord, in respect to these labels on the files, that with the exception of two or three they are not put on by the Peton Manufacturing Company, but it is a description of the contents of the file put on by Mr. Dodd.

The next is a file, Peton Manufacturing Company Limited, Limited Proon. It is a file of correspondence and telegraph messages. The correspondence is numbered as follows, 250, 251, to 260 inclusive, 262, 265, 266, 267 268, 275, 276, 292, 294, 295, 296, 299, 300, 301. Those are the Peton & Mundy's numbers. Each sheet is numbered with Mr. Dodd's figures, indicating what file it belongs to.

EXHIBIT 273: Peton Manufacturing Company Limited Files.

MR. MOLSON: The next is a file of teletype messages passing between Mr. Dodd and others, some to Mr. Nelles.

EXHIBIT 275: Correspondence btween Mr. Dodd Mr. Nellam and others.

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CHARTERED STENOGRAPHIC REPORTER
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MR. KELLOCK: Please give the beginning and ending of numbers.

MR. McRUER: The lowest is 517, and they run up to 569, but not consecutively, because some have been taken out for the purpose of other exhibits.

The next is a file of teletype messages passing between Mr. Dodd and others, running from 120 to 170.

EXHIBIT 776.

MR. McRUER: The next is a file of correspondence and teletype messages between Mr. Dodd and others, the numbers running from 215 to 231.

EXHIBIT 777.

MR. McRUER: Next is a file of correspondence and teletype messages passing between Mr. Dodd and others, and the numbers running from 350 to 429.

EXHIBIT 778.

MR. McRUER: Next is a file of correspondence between Mr. Dodd and Mr. Guard. It just contains a letter and a copy of a letter.

EXHIBIT 779.

MR. McRUER: Next is a file of correspondence passing M between Mr. Dodd and Mr. Guard, and the numbers running from 202 to 207.

EXHIBIT 780.

MR. McRUER: Next is a file of correspondence passing between Mr. Dodd and Dominion Woollens and Worsteds, and it is labelled by the Paton Manufacturing Company employees as Dominion Woollens and Worsteds' file, Mr. W. H. Cooke.

That is your reply, Mr. Dodd?

THE WITNESS: Yes.

EXHIBIT 781.

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CHANCERY SITE JORAPHIC
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MR. ARMOUR: Please give the beginning and ending of numbers.

MR. McHUGH: The lowest is 917, and they run up to 997, but not consecutively. Numbers have been taken out for the purpose of other exhibits.

The next is a file of telatype messages running between Mr. Dodd and others, the numbers running from 815 to 831.

EXHIBIT 772.

and telatype messages passing between Mr. Dodd and others, and the numbers run from 849 to 862.

EXHIBIT 773.

MR. McHUGH: Next is a file of correspondence between Mr. Dodd and Mr. Ward. It just contains a letter and a copy of a letter.

MARKED EXHIBIT 774.

MR. McHUGH: Next is a file of correspondence passing between Mr. Dodd and Mr. Ward, and the numbers running from 208 to 207.

EXHIBIT 775.

MR. McHUGH: Next is a file of correspondence passing between Mr. Dodd and Dominion Woollens and Worsteds, and it is labelled by the Paton Woollen-

That is Your reply, Mr. Dodd?

Yes.

EXHIBIT 776.

MR. McRUER: The next is an original file of the Paton Manufacturing Company, labelled Barrymore Clothing Company, Mr. J. E. Craig.

EXHIBIT 782.

BY MR. McRUER: Q. Now, Mr. Dodd, I just want to discuss with you for a moment Exhibit 765, which is an exhibit produced by my friend this morning, and appears to comprise a number of price memoranda, commencing wit June 26, 1933, and the last one being February 20, 1936. A. Yes.

Q. Would this one of the 26th of June, 1933, be the first price list that was got out in this way? A. That was the first draft. We subsequently adopted these prices, but this was first sent out as a draft to show what might be done by way of memoranda in the future provided we agreed to this form ofmaking minimum prices.

Q. The letter of June 26 reads as follows: and apparently it is written on your letterhead. A. Exactly.

Q. But the draft for the form of letter that you were to use came from Major Mellam? A. From his office.

Q. Who drew up the draft form to put on your letterhead? A. It was drawn up in his office after we had discussed what we felt would be the proper thing.

Q. Yes, after a meeting of a group of mills you determined on a draft of prices, and this memorandum would be drawn up by Major Mellam and sent to you to be put on your letterhead, and then be sent back to him? A. Sent back to him.

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MR. McNUBB: The next is an original file of

went to discuss with you for a moment exhibit 765,

which is an exhibit produced by my friend this

morning, and appears to comprise a number of price

lists one being February 20, 1936. A. Yes.

Q. Would this one of the 25th of June, 1936,

be the first price list that was got out in this

way? A. That was the first draft.

done by way of memoranda in the future provided no

Q. The letter of June 25 reads as follows:

and apparently it is written on your letterhead.

A. Exactly.

Q. But the draft for the form of letter that

you were to use came from major Hellam? A. From

his office.

Q. Who drew up the draft form to put on your

letterhead? A. It was drawn up in

his office after we had discussed what we felt

would be the proper thing.

Q. Yes, after a meeting of a group of mills

You determined on a draft of prices, and this

memorandum would be drawn up by Major Hellam and

sent to you to be put on your letterhead, and then

be sent back to him? A. Sent back to him.

Q. He would have one from each member of the group, and it would be worded identically from each one. The letter of June 26 from you to Mr. Hallam reads as follows:

"Dear Mr. Hallam:-

Owing to misrepresentations being made as to prices and terms at which our worsted cloths are being sold, we are giving you the lowest prices we sell at to anybody in Canada. We may not make all these cloths but if we do so these will be our lowest prices. We have no objection to your disclosing these prices to other worsted manufacturers. We give no undertaking not to decrease or increase these prices as raw materials and labor costs vary, but do undertake to notify you in writing if we propose to make any changes seven days before announcing any such changes, so that your information will always be correct and up-to-date regarding our mill.

All prices given are F.O.B. Mill. If contracts are quoted other than F.O.B. Mill, freight will be added to price.

Terms 2 per cent 10 days first following.

Prepayment at 7 per cent per annum.

No contracts to be taken without date of completion being stated.

All sample yardage and yardage cut up for travellers samples to be charged for.

Weights given are in Canadian condition.

There is no use of rebates, bonuses,

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6. We would have one Item each member of the group, and it would be a rebate literally from each one.

The letter of June 26 from you to Mr. Mellon reads as follows:

"Dear Sir, Mellon:-

Owing to misrepresentations being made as to prices and terms at which our worsted cloths are being sold, we are giving you the lowest prices we sell at to anybody in Canada. We may not make all these cloths but if we do so these will be our lowest prices. We have no objection to your disclosing these prices to other worsted manufacturers. We give no warranting not to increase or increase these prices as raw materials and labor costs vary, but do undertake to notify you in writing if we propose to make any changes seven days before announcing any such changes, so that your information will always be correct and up-to-date (cancelling any old).

All prices given are F.O.B. Mill. If contracts are quoted other than F.O.B. Mill, freight will be added in price.

Terms 2 per cent 10 days first following.
Prepayment at 7 per cent per annum.
No contracts to be taken without date of cancellation being stated.

All sample yardage and yardage cut up for travellers samples to be charged for.
Weights given are in Canadian condition.
There is no use of rebates, bonuses.

credit notes, etc., which will in effect reduce these prices.

Discontinued or odd lines when sold at lower than standard prices are to be immediately notified to you, and we will give quality number, type of fabric, number of pieces, name of customer and price."

Then follows a schedule of prices of different sorts, and then, after the schedule, is the following:

"I am writing you on behalf of my firm and you may look to me to see that our undertaking is carried out.

Yours very truly,

Sales Manager
Paton Manufacturing Company Limited."

THE COMMISSIONER: What is the date of that?

MR. McRUER: June 26, 1933.

THE COMMISSIONER: Yesterday in the course of the correspondence being read and put in reference was made to this, that upon any change being made and notified to Major Hallam, not only would he notify the others, as stated there, but a meeting would be held of all the parties to this agreement, but I notice that the written letter does not refer to any such meeting. Does it?

MR. McRUER: No. That same matter was referred to in the Barrymore letter that I read this afternoon it was their understanding that before any changes were made a meeting would be held, and Mr. Dodd agrees that that was the procedure.

credit noted, etc., which will in effect reduce those prices.

Discontinued or odd lines even sold at lower than standard prices are to be immediately notified to you, and we will give quality number, type of fabric, number of pieces, name of customer and price."

Then follows a schedule of prices of different numbers, after the schedule, is the following:

"I am writing you on behalf of my firm and you may look to me to see that our understanding is carried out.

Sales Manager
Peton Manufacturing Company Limited."

THE COMMISSIONER: What is the date of that?

THE COMMISSIONER: Yesterday in the course of the correspondence being read and put in reference was made to this, that upon any change being made and notified to Major Bellam, not only would he notify the others, as stated there, but a meeting would be held of all the parties to this agreement, but I notice that the written letter does not refer to any such meeting. Does it?

to in the Berrymore letter that I read this afternoon it was their understanding that before any changes were made a meeting would be held, and Mr. Dod agrees that that was the procedure.

THE COMMISSIONER: What is the date again?

MR. McRUER: June 26, 1933.

BY MR. McRUER: Q. So apparently, Mr. Dodd, your company signed a copy of that and sent it to Major Hallam? A. Sent it to Major Hallam.

Q. The original, of course, should be in Major Hallam's possession some place? A. I would think so.

Q. The letter starts off by saying:

"Owing to misrepresentations being made as to prices and terms at which our worsted cloths are being sold, we are giving you the lowest prices we sell at to anybody in Canada. We may not make all these cloths, but if we do so these will be our lowest prices."

Of course, Mr. Dodd, you were not going to all this trouble just because of misrepresentations that had been made? A. Not altogether, Mr. McRuer, but that was one of the considerations that induced us to consider and discuss this situation.

Q. But the fact was that one of the chief objects was, as you said this morning, that each should maintain the same price for the same quality of goods? A. Agreed. There were two main objects among other things, and that is that prices were being circulated around which did not exist, and others hearing of those prices were forced to act accordingly.

BY THE COMMISSIONER: Q. What was that? A. Were forced to act accordingly.

Q. How do you mean? A. If we wanted that business we had to come down.

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CHARTERED STENOGRAPHER
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Q. Let me make sure of this. You say: These are our minimum prices, and if we change them we notify you. Now you say in that letter that this was done partly to do away with misrepresentations. If you say, "These are my prices," and if Barrymores say, "These are my prices," I would not understand why they should be notified to Major Hallam on account of misrepresentations. If they are not all the same prices, different considerations arise. Were they all the same prices? A. This relates --

Q. Answer my question first. Did these letters, of which you sent in one and Barrymores and the others sent in one, all show the same prices prevailing in each one of these letters? A. They were all the same, my lord.

BY MR. McRUER: Q. Was there anything, Mr. Dodd, that you wanted to explain? A. I was explaining that previous to the June 26 letter which you have read, and before we arrived at these stabilized or uniform prices, misrepresentations had been made generally throughout the trade as to the prices of one firm compared to another, and that is one of the things that induced us to discuss this whole matter.

Q. That probably gave you the inspiration? A. Inspiration or whatever you might call it.

Q. But after you had got together on the same prices that difficulty would not arise? A. No, it would not, except that some people even then would tell us that our competitors were not adhering to those prices, and when we

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got such information as that we were able to send the information to Major Hallam and ask him to ask this particular firm to say whether they d did make this particular price, and word would come back, No, that it had not been made, that the prices had been adhered to, and that was gradually stabilizing the market.

Q. Now I want to compare this first price list of June 26, 1933, with the one contained in Exhibit 761, which was the draft sent out by Major Hallam on June 9, 1933.

THE COMMISSIONER: Hallam wrote a letter to Hield.

MR. McRUER: Yes, my lord. The letter of June 9, 1933, to Mr. David Hield, from Mr. Hallam, reads in part as follows:

"Attached is the memorandum discussed this morning. Points to be added are:" Then he goes on with a lot of detail about contracts and so on, but what I am concerned with is the prices. Take blue serges, for instance.

BY Mr. McRUER: Q. The price named in this memorandum of June 9, 1933, for blue serge, any construction, is for 12/12½, not over 64's, $1.35. But in the agreed to memorandum, if I may put it that way, the one that you sent to Mr. Hallam on the 26th of June, 1933, the price is $1.37½. A. That is open.

Q. Oh, I see. Then 13½/14, not over 64's is $1.40 in the memorandum of June 9, 1933 --

THE COMMISSIONER: As I understood that letter it was just a tentative letter.

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got such information as that we were able to send the information to Major Hellam and ask him to ask this particular firm to say whether they did make this particular price, and word would come back, No, that it had not been made, but the prices had been referred to, and that was

Q. Now I want to compare this first price list of June 8th, 1938, with the one contained in Exhibit 781, which was the first sent out by Major Hellam on June 9, 1938.

THE COMMISSIONER: Hellam wrote a letter to

MR. [illegible]: Yes, my Lord. The letter of June 9, 1938, to Mr. [illegible], reads in part as follows:

"Attached is the memorandum discussed this morning. Points to be added are:"

Then he goes on with a lot of detail about contracts and so on, but what I am concerned with is the prices.

Q. The price named in this memorandum of June 9, 1938, for blue serge, $1.25. Not in the agreed to memorandum, if I may put it that way, the one that you sent to Mr. Hellam on the 28th of June, 1938, the price is $1.27½.

A. That is open.

Q. I see. Then [illegible], but upon $1.40 in the memorandum of June 9, 1938 --

THE COMMISSIONER: As I understood that letter it was just a tentative [illegible].

MR. McRUER: Yes.

THE WITNESS: Exactly.

BY MR. McRUER: Q. The rest, I see, are pretty much the same. All right, Mr. Dodd. Now the next bulletin is dated September 18, 1933, alth although judging from the correspondence that was put in by Mr. Grimshaw yesterday I judge that there was a rise in price before the 8th of August, an increase in the list price --

THE COMMISSIONER: Are you referring again to Exhibit 765?

MR. McRUER: Yes, my lord.

THE COMMISSIONER: And what is it you have now?

MR. McRUER: The bulletin of September 13, 1933. It is a copy of a similar letter addressed to Major Hallam, with certain prices annexed to it, and there are pencil notations on these prices. What would those be for, Mr. Dodd?

THE WITNESS: Those would be the notations that I would put on the present list when we were discussing the future list.

BY MR. McRUER: Q. Yes. A. If my memory serves me right I think you will find that the pencil notations were the subsequent agreed prices, that you will find them in the next list.

Q. So we may take these prices as type-written as being the agreed prices as of that date? A. As of that date, exactly, and anywhere where there is a pencil notation it refers not to the present list but to a possible future price.

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[illegible]

[illegible]

[illegible]

Q. You would take out the old list and write on it the changes that were being discussed? A. Yes.

THE COMMISSIONER: May we take it that in general the September prices as revised were higher than the June prices.

MR. McRUER: We will just look at that. We will take the same type of cloth, the blue serge, 15-ounce. The September list price is $1.45, and that was changed to $1.57½; the 13½/14 was $1.40, and that became $1.60. The next was $1.52½, and that became $1.57½. Then here is 13 WTDO that does not appear in the other list. Was there any change in the weight, Mr. Dodd?

THE WITNESS: I do not remember what that is. There must be a typographical error in that. There is the 15-ounce at $1.57½.

BY MR. McRUER: Q. And your pencil memorandum for the next time was $1.65, and here $1.80. A. There must have been a typographical error in connection with that price. The 15-ounce would not be selling for less than the 12-ounce.

Q. It is correct to say that the revision of September 15, 1933, appears to have been an upward revision? A. Yes.

Q. Proceeding with Exhibit 765, the next letter is dated November 16, 1933, from Douglas Hallam to Mr. Dodd, reading as follows:

"Attached is memo. of November 16th, 1933, showing temporary minimum prices for short date delivery. Prices for forward delivery for spring 1934 to be figured out

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6. You would have out the old list and write on it the changes that were being discussed?

A. Yes.

then the June prices.

Mr. Morton: We will just look at that. We will take the same type of cloth, the blue serge, 13-ounce. The September list price is $1.45, and that was changed to $1.57½; the 18½/14 was $1.40, and that became $1.60. The next was $1.52½, and that became $1.57½. Then here is 18 also that does not appear on the other list. Was there any change in the weight, Mr. Dodds

Mr. Dodds: I do not remember what that is. There must be a typographical error in that. There is the 13-ounce at $1.57½.

Q. And your general memorandum for the next time was $1.65, and here $1.60.

A. There must have been a typographical error in connection with that price. The 13-ounce would not be selling for less than the 12-ounce.

Q. It is correct to say that the revision of September 1, 1920, appears to have been an upward revision?

A. Yes.

Q. Proceeding with Exhibit 705, the next letter is dated November 16, 1920, from Douglas Mellam to Mr. Dodd, reading as follows:

"[illegible] is very [illegible]

[illegible] covering temporary minimum prices for short date delivery. Prices for forward delivery for spring 1924 to be cleared out

on actual basis of costs. Meeting to be held at 10.30 a.m. on Wednesday, December 6th, at these offices for discussion for Fall 1934."

Now let us make a comparison with the previous list. Take some of these 64's, 12-ounce open.

A. Take these 14-ounce.

Q. Here it is $1.70. That seems to be open? A. That is the 13-ounce?

Q. You have a pencil memorandum, $1.90, there. A. That would be for the next list.

Q. We have another 14-ounce here, $1.85, two fold warp and filling. A. That is a different thing.

Q. The two fold warp and filling is correct? That compares with this. The 64's previously were $1.85, and in the next list, two fold warp and filling -- where is that? A. 14-ounce 64's. Apparently it is not there.

Q. We can take the first one, the 12-ounce.

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on mutual basis of costs. Meeting to be held at 10.30 a.m. on Wednesday, December 6th, at these offices for discussion for Hall Dec(.

How far do these 6 comparison with the previous list. Those sons of these 64's, 14-ounce open.

B. Take the 6 14-ounce.

C. Here it is $1.75. That seems to be

A. That is the 12-ounce?

B. You have a pencil memorandum, $1.40.

A. That would be for the next

two foil warp and filling. A. That is a

C. The two foil warp and filling is correct? That com ares with this. The 64's previously were $1.55, and in the next list, two foil warp and filling -- where is that? A. 14-ounce 64's. Apparently it is not there.

C. We can take the first one, the 14-ounce.

Q. What are these grey serges. Let us take the grey serge. Is there a grey serge on this? Are not we looking at the wrong one? We are looking at the fancies? A. No, here is grey serge here, grey serge any construction.

Q. Grey serge, any construction, all right, 14 ounces? A. Take that 14 ounces, 60's, standard.

Q. Well, in September it was $1.70 and in November- A. The same thing, not over 60's, 14 was still $1.80, so that it remained the same.

Q. No, $1.70 - it was up 10 cents? A. Yes.

THE COMMISSIONER: Q. Well, once again, is this general increase in price over September? A. Increase in price, my lord, over September.

MR. McRUER: Q. Then we come to December 27th, 1933? A. Grey serges again, 14---

Q. $1.80, it maintained the same price? A. Yes, sir.

Q. Take the blue serge, 14-oz.? A. Yes, 14 oz.

Q. Was $1.65 in December - what was it in November? A. 14, 2 ply warp and weft. No, that is 14, 2 ply, that was not on this list.

THE COMMISSIONER: What affect did the December memo have?

MR. McRUER: Q. Well, I would say if you take these 64's in the blues, that is list comparable with this one? A. Yes.

Q. What are these grey serges. Let us take the grey serge. Is there a grey serge on this? Are not we looking at the wrong one? We are looking at the fancies? A. No, here is grey serge here, grey serge by construction.

Q. Grey serge, any construction, all right, 14 ounces? A. Take that 14 ounces, 60's, standard.

Q. Well, in September it was $1.70 and in November- A. The same thing, not over 60's, 14 was still $1.80, so that it remained the same.

Q. No, $1.70 - it was up 10 cents? A. Yes.

THE COMMISSIONER: Q. Well, once again, is this general increase in price over September? A. Increase in price, my lord, over September.

MR. MORDEN: Q. Then we come to December 27th, 1933? A. Grey serges again, 14---

Q. $1.80, it maintained the same price? A. Yes, sir.

Q. Take the blue serge, 14-oz.? A. Yes, 14 oz.

Q. Was $1.85 in December - what was it in November?

A. 14, 2 ply warp and weft. No, that is 14, 2 ply, that was not on this list.

THE COMMISSIONER: What effect did the December memo have?

MR. MORDEN: Q. Well, I would say if you take these 64's in the blues, that is list comparable with this one? A. Yes.

BY MR. McRUER: Q. Now, they run from the 13 ozs up and the prices in November commencing from 13 up, they were $1.62½, $1.65, $1.70, $1.82½, $1.92½, $1.95, $2.02½, $2.15 and $2.25.

THE COMMISSIONER: That is when?

MR. McRUER: That is in November. In December they were $1.62½. That is the same. $1.65 is the same. $1.70 is the same. $1.82½ is the same. $1.92½ is the same. $1.95 is the same, $2.02½ is the same. $2.15 is the same and $2.25 is the same. Onthat range they are just the same? A. Yes. I rather think that December list is just a list that we confirm the previous ones.

Q.Then we go on to the next one. On January 5th there is a list. There are two lists very close together? A. This is temporary list we put out before we made new fall list after the turn of the year.

Q. All right, we will compare January 5th, 1934, list with the November list of 1933. The January 5th list just seems to deal with piece dyes?

A. On the bottom there is there some notation?

Q. No, it says, "List price 5 cents above these prices ---" A. Well, those are finished piece dyes. Hdre is the other. This is the one we should be looking at. These only cover finished piece dyes.

Q. January 26th, 1934, there was a general revision apparently? A. Yes.

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MR. MORRIS: Now, they run from the 15 cents up and the prices in November commencing from 15 up, they were $1.00, $1.05, $1.10, $1.15, $1.20, $1.25, $1.30, $1.35 and $1.40.

THE COMMISSIONER: That is when?

MR. MORRIS: That is in November. In December they were $1.00. That is the same. $1.65 is the same. $1.70 is the same. $1.85 is the same. $1.90 is the same. $1.95 is the same, $2.00 is the same. $2.15 is the same and $2.45 is the same. Outlet range they are just the same? A. Yes. I rather think that December list is just a list that we confirm the previous ones.

Q. Then we go on to the next one. On January 5th there is a list. There are two lists very close together? A. This is temporary list we put out before we make new full list after the turn of the year.

Q. All right, we will compare January 5th, 1954, list with the November list of 1953. The January 5th list just seems to deal with piece dyes?

A. On the bottom there is there some notation?

Q. No, it says, "List price 5 cents above these prices" -- A. Well, these are finished piece dyes. There is the other. This is the one we should be looking at. These only cover finished piece dyes.

Q. Yes.

Q. Well now, compare the list of January 86th, 1934, with November 16th, 1933 - 13 oz. blue serge in November was $1.02½. In January it was $1.75½. The 13½ was $1.65 and became $1.80. The 14 oz. was $1.70 and became $1.85. The 15 oz. was $1.82½ and became $1.95. the 15½ oz.was $1.92½ and became $2.00. The 16-oz. was $1.95 and became $2.05. The 17-oz. was $2.02½ and became $2.15. The 18-oz. was $2.15 and became $2.25. The 18½ oz. was $2.20 and became $2.30. And the 19 oz. was $2.25 and became $2.35.

THE WITNESS: Might I draw your attention to something? This was in January, remember, on the chart that the top reached its its height in January - February, 1934. I just mention that in connection with the list.

Q. Then there is another price list got out on the 15th of February, 1934, and to compare it with the one of January. The 13-oz. seems to be the same. The 13½ oz. seems to be the same. the 14-oz. seems to be the same.

Are there any changes in respect to the blues?

A. I think the blues were all the same.

Q. The blues seemed to be maintained the same?

A. Here are the greys down here? Q. We will have a look at the greys? A. 14-oz., 60's, $1.90.

Q. Well,it is the same. Whatever changes that

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Q. Well now, compare the list of January 20th, 1934, with December 17th, 1933 - it is Mrs. Mace writing in November was $1.03½. In January it was $1.75½. The 13½ was $1.65 and became $1.80. The 14 oz. was $1.70 and became $1.85. The 15 oz. was $1.85½ and became $1.95. the 15½ oz. was $1.90½ and became $2.00. The 16-oz. was $1.95 and became $2.05. The 17-oz. was $2.02½ and became $2.15. The 18-oz. was $2.15 and became $2.25. The 18½ oz. was $2.20 and became $2.30. And the 19 oz. was $2.35 and been $2.45.

THE KING: Might I draw your attention to something? This was in January, remember, on the chart that the top reached its its height in January - February, 1934. I just mention that in connection with the list.

Q. Then there is another price list got out on the one of January. The 13-oz. seems to be the same. [illegible] to be the same. The 14-oz. [illegible]

ARE there any changes in respect to the sizes?

A. I think the sizes were all the same.

Q. The sizes seemed to be maintained the same?

A. Here are the keys down here? A. 14-oz., 16's, [illegible].

Q. We'll [illegible].

are made they do not seem to be very general there.
A. In thinking that over my recollection is whether prices changed or not there was a bulletin sent out just co firming what had been agreed upon.

Q. Well, at any rate, without going over it in detail, there might not be a general change but one or two small ones? A. Yes, although I think every time when we had a change at all most everything was changed.

Q. Then another price list of March 4, 1934:
"Attached is a memo for your files.

This memo is the same as that of February 15th, excepting under fancy piece dyes in the clause covering weft and warp decoration, single worsted filling, where a change has been made."

Now, we will have a look at that. Where are fancy piece dyes, weft and warp decorations?
A. Here is warp decoration and here is weft decoration.

Q. In the weft and warp decoration the prices -
A. One is 2 -ply warp with single weft and the other is 2-ply weft and warp.

Q. Let us see what prices they were quoted at in March? A. 2-ply warp, single worsted filling this is warp decoration. You will compare that with this one.

Q. No, the second one. You see it is weft and warp, not weft decoration?

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are made they do not seem to be very general there.

A. In thinking that over my recollection is whether prices changed or not there was a bulletin sent out just on filming what had been agreed upon.

Q. Well, at anyrate, without going over it in detail, there might not be a general change but one or two small ones? A. Yes, although I think every time when we had a change at all most everything was changed.

Q. Then another price list of March 6, 1924:

"Attached is a memo for your files.

This memo is the same as that of February 15th, excepting under fancy piece dyes in the Worsted Division, single worsted FILLING, where a change has been made."

Now, we will have a look at that. Where are fancy piece dyes, weft and warp decorations?

A. Here is warp decoration and here is weft decoration.

Q. In the weft and warp decoration the prices -

A. One is 2-ply warp with single weft and the other is 2-ply weft and warp.

Q. Let me see what right [illegible] March? A. 2-ply warp, single worsted FILLING this is warp decoration. You will compare that with

Q. Now, the second one. Tell me if it is weft and warp, and what materials?

A. Yes, but decoration in warp only and weft and warp decoration and unless we have exactly the same thing.

Q. Yes, there is no change of the warp decoration but in the weft and warp decoration, and that is what Mr. Hallam's letter says, and this memo indicates in the weft and warp decoration the price was $1.80 in the list of February 18th and it is $1.75 in the one of March 1st. There is a reduction there ?

A. In that case did not the warp decoration---

Q. No, apparently did not, 1.65, maintained the same.

A. There is only 5 cents differential between the two. How about 13 and 14 ounces? A.

Q. Reduced from 1.92½ to 1.87½. There is a reduction there of about 5 cents on each of those. Why would they reduce one particular line and not reduce all the others, if there was a general reduction in raw material at that time? A. No, I think that was a change in manufacturing costs, was claimed by some of the mills when the warp and weft decorations had simplified itself at that time. I think I explained that yesterday. I think I can remember some discussion at that time as to what was the proper and fair differential and I think at that time that they dropped down to 5 cents differential and later on came back to the 10 cents and found it was not correct.

MR. KELLOCK: There was not any change in tops

A. Yes, but decoration in warp only and weft and warp decoration and unless we have exactly the same thing.

Q. Yes, there is no change of the warp decoration but in the weft and warp decoration, and that is what Mr. Hallam's letter says, and this memo indicates in the weft and warp decoration the price was $1.80 in the list of February 18th and it is $1.75 in the one of March last. There is a reduction there ?

A. In that case did not the warp decoration---

Q. No, apparently did not, 1.65, maintained the same.

A. There is only 5 cents differential between the two. How about 13 and 14 ounces? A.

Q. Reduced from 1.75 to 1.67½. There is a reduction there of about 5 cents on each of those. Why would they reduce one particular line and not reduce all the others, if there was a general reduction in raw material at that time? A. No, I think that was a matter in manufacturing cars, was related by some of the mills when the warp and weft decorations had simplified itself at that time. I think I explained that yesterday. I think I can remember some discussion at that time as to what was the proper and fair differential and I think at that time later on came back to the 10 cents and found it was not correct.

MR. HALLOCK: There was not any change in tops

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between those two dates?

THE WITNESS: No, I do not think it was a question of raw material. I think it was a question rather of manufacturing advantages between different mills.

MR. McRUER: Q. The tops used in these were Merino tops? A. Merino top is 64 and 70 and when you get down to 58 and 60 you come into the cross-bred range.

Q. Now, I see a letter of October 11th, 1934, from Mr. Hallam to you:

> "Attached is the memo. on worsted cloth you asked me to send you.
>
> The understanding is that there are to be no goods quoted under these prices until your company has given three days notice in writing to this office. Such notice should contain the time and date your new price comes into effect."

There seems to be a reduction in the time notice you are undertaking to give? A. At that time, Mr. McRuer, as late as that we had this arrangement that while these memos would still go out and would become the basis - let me say - that we should shoot at or work to, that actually there was no difficulty, there was a clear and definite understanding that any of us could change the prices any time we saw fit by notifying them ahead of time. Later on it became that we could do it and notify them afterwards.

between those two dates?

of raw material. I think it was a question rather of manufacturing advantages between different mills.

MR. Mollison: Q. The tops used in these were Merino tops? A. Merino top is 64 and 70 and when you get down to 58 and 60 you come into the cross-bred range.

Q. Now, I see a letter of October 11th, 1934, from Mr. Mollison to you:

"Attached is the memo. on wrapped cloth you asked me to send you.

The understanding is that there are to be no goods quoted under the same prices until your company has given three days notice in writing to this office. Such notice should contain the time and date your new price comes into effect."

there seems to be a reduction in the time notice you are undertaking to give? A. At that time, Mr. Skinner, as late as that we had this arrangement that while these memos would still go out and would become the basis - let me say - that we should shoot at or work to, that actually there was no difficulty, there was a clear and definite understanding that any of us could change the prices any time we saw fit by notifying them ahead of time. Later on it became that we could do it and notify them afterwards.

Q. Yes, but was there not to be a meeting of the mills? A. Not necessarily. We tried ---

THE COMMISSIONER: Q. In some correspondence we had yesterday Hallam was to call meeting?

A. There was at that time but we are reaching a time now when things are rather breaking open.

Q. Were you at any of these meetings during the rigorous times? A. during the earlier times?

Q. Yes? A. I think I was at most of them. I know some of them I missed.

Q. That is where some other person had changed the price and notified Mr. Hallam and Mr. Hallam called a meeting -- were you at any of those meetings?

A. Yes.

Q. What did you do at them? A. Well, we discussed these possible prices that we would put out on this memo and you are speaking of ---

Q. No --- A. I am a little confused.

Q. What I am talking about is this: Suppose some party to this agreement decided to lower his price, he would write Mr. Hallam and Mr. Hallam then would call a meeting? A. Yes, sir.

Q. Now, did you attend any meeting of that sort?

A. Idid.

Q. What was done? A. The procedure would be that we would each of us give our idea of what the price should be and the reason we why and the different matters and reasons would be discussed and finally we

Q. Yes, but was there not to be a meeting of the millers? A. Not necessarily. We tried ---

THE COMMISSIONER: Q. Income correspondence we had yesterday Mallam was to call meeting?

A. There was at that time but we are reaching a time now when things are rather breaking open.

Q. Were you at any of these meetings during the rigorous times? A. During the earlier times?

Q. Yes? A. I think I was at most of them. I know some of them I missed.

Q. What is where some other person had changed the price and notified Mr. Mallam and Mr. Mallam called a meeting -- were you at any of those meetings?

A. Yes.

Q. What did you do at them? A. Well, we discussed these possible prices that we would put out on this memo and you are speaking of ---

Q. No --- A. I am a little confused.

Q. What I am talking about is this: Suppose some party to this agreement decided to lower his price, he would write Mr. Mallam and Mr. Mallam then would call a meeting? A. Yes, sir.

Q. [illegible] A. Idle.

Q. What was done? A. The procedure would be that we would each of us give our idea of what the price should be and the reason we why and the different reasons would be discussed and finally we

would arrive at a basis that would be agreeable to everybody.

Q. That is, you would all fall into line with the man that reduced his prices or get him up again? A. Not necessarily. My idea might be to go down lower than somebody else or that might be reversed, he might wish to go down and some man might like to come in between, and then we would reason, we would look at the price of tops at that date and we would say, "well, the raw cotton market is jumping or is lowering," and our minds would be made up from what we would think would be the future trend of the ---

Q. It means this: That in the event of anyone party setting out a new price and notifying Mr.Hallam, that would lead to a general consideration of the whole schedule? A. Yes, sir, as a rule.

MR. McRUER: Mr. Dodd, I wanted to discuss another matter with you and that is towels, ~~and that is~~ but inso far as they are not connected with serges probably it might be a proper opportunity to let my friend examine Mr. Dodd in regard to the serge arrangement before we go into the towels..

Q. You are going to look up and see if you could get any correspondence with Ogulnik? A. I have got it. No correspondence, only the prices quoted by our man and there was the orders that we received from them. I saw those orders myself, they were actually taken from---

would arrive at a basis that would be agreeable to everybody.

man that reduced his prices or get him up again?

A. Not necessarily. My idea might be to go down lower than somebody else or must might be reversed, he might wish to go down and some man might like to come in between, and then we would reason, we would look at the price of tops at that date and we would say, "well, the raw cotton market is jumping or is lowering," and our minds would be made up from what we would think would be the future trend of the ---

Q. It means this: That in the event of anyone party setting out a new price and notifying Mr.Mullen, that would lead to a general consideration of the whole schedule? A. Yes, sir, as a rule.

MR. MONROE: Mr. Dodd, I wanted to discuss another matter with you and that is towels, ~~one-sheet-ke~~ but inso far as they are not connected with sorgos possibly it might be a proper opportunity to let my friend examine Mr. Dodd in regard to the sorgo arrangement before we go into the towels..

Q. You are going to look up and see if you could get any correspondence with Ogunlik? A. I have got it. No correspondence, only the prices quoted by our man and there was the orders that we received from them. I saw those orders myself, they were

Q. Have you some material there in reference to these quotations, railway quotations? A. No, I have not. I have only certain ---

Q. Might we have that exhibit that was put in last night, the first one was Mr. Dodd, in which he had discussed with Dominion Woollens and Worsteds the quotations that were to be made to Ogulnik.

MR.RENE: That is Exhibit 764.

CROSS-EXAMINATION BY MR. KELLOCK:

Q. In answer to my friend, you were telling his lordship in regard to this memo, Exhibit 765 - the first one apparently was dated on the 26th of June, 1933? A. Right.

Q. I think you said it was some time after that before the matter got down to a basis? A. Yes, that was a subject matter for discussion but it was not a very long time after that, I would say that was in June - I would think in July or middle of July that we had decided then to adopt that June 26th list.

Q. Now, you told my friend and his lordship that one of the considerations which led to the adoption of that form of document or arrangement of that kind was misrepresentation by buyers to you as to prices which other competing mills were selling at?

A. That was part of our consideration.

Q. Was that a real and serious thing at the time

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CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

Q. Have you some material there in reference to these quotations, railway quotations? A. No, I have not. I have only certain ---

night, the first one was Mr. Dodd, in which he had discussed with Dominion Coolens and forwarded the quotations that were to be made to Guelph.

MR. BROWN: That is Exhibit 765.

CROSS-EXAMINATION BY MR. MORRISON:

Q. In answer to my friend, you were telling his lordship in regard to this memo, Exhibit 765 - the first one apparently was dated on the 28th of June, 1929? A. Right.

Q. I think you said it was some time after that before the matter got down to a basis? A. Yes, was not a very long time after that, I would say that was in June - I would think in July or middle 26th inst.

of the considerations which led to the adoption of that form of document or arrangement of that kind was misrepresentation by buyers to you as to prices which other competing mills were selling at?

A. That was part of our consideration.

Q. Was that a real and serious thing at the time

in the industry? A. I could only answer that in this that our men who come in constant contact with the trade tell me that it was. I did not go around to the trade myself - in fact, I saw some of them, but the men were very insistent that was a very serious thing going on at that time.

Q. Well then, before you had this ~~styst~~ system at all you had no means of checking the reliability of anysuch report without going to the competing mill and at the risk of not getting the information there? A. Right.

Q. After you had these documents then you had the means of checking any report as to prices which were quoted, is that right? A. Yes.

Q. Well now, in addition to that situation, what was any other element that made this arrangement desirable from the standpoint of the mill? A. I came actively connected with the Paton Company - I had been with them but not very actively in 1931 or 1932, and when afterwards I commenced to see something that was going on I was amazed. It was about 1931 or the early part of 1932 when I became actively engaged with the Paton Company, at the time I was with them before I was only doing certain work and then I started out after Mr.Daniels' illness and took more of that on myself and I was amazed to find something that I know existed to a great degree in all industry but in woollens and worsted industry seemed to reach a

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in the industry? A. I could only answer that in this that our men who come in consent can't with the trade tell me that it was. I did not go around to the trade myself - in fact, I saw some of them, but the men were very insistent that was a very serious thing going on at that time.

Q. Well then, before you had this exact system at all you had no means of checking the reliability of anyone report without going to the competing mill and at the risk of not getting the information thereby? A. Right.

Q. After you had these documents then you had the means of checking any report as to prices which were quoted, is that right? A. Yes.

Q. Well now, in addition to that situation, what was any other element that made this arrangement desirable from the standpoint of the mill? A. I came actively connected with the Paton Company - I had been with them but not very actively in 1931 or 1932, and when afterwards I commenced to see something that was going on I was amazed. It was about 1931 or the early part of 1932 when I became actively engaged with the Paton Company, on the time I can give them better after Mr.Daniels' illness and took more of that

knew existed to a great degree in all industry but in woollens and worsted industry seemed to reach a

degree I had not encountered and had knowledge of elsewhere, and that was that a contract was never a contract. The orders would be placed with us and with others. I am citing or should I better confine myself to our own ---

Q. Go on? A. And when any dropping of prices it was the most difficult, sometimes an impossible thing, to get specifications against those contracts and I know in our own way tried to fight it at first but finally found it was impossible. Our men could not take the initiative and we hoped to retain the goodwill or friendship of these customers of ours. The result was that it became practically a matter of fact that in a dropping market one was supposed to drop any undelivered balances whether they had been specified or unspecified, and that was one of the other very important reasons that induced this group to get together and to discuss prices so that we would know what each other were doing and also was an effort to protect ourselves on the contracts ---

THE COMMISSIONER: Q. You are talking now of the other subject that we discussed yesterday I think. You seem to be talking now of the other subject discussed yesterday where the buyers who did not specify within six months were given another month to specify and if they still failed to do so then they were, what you call them, black-listed? A. If I may come to that.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

degree I had not encountered and had knowledge of elsewhere, and that was that a contract was never a contract. The orders would be placed with us and with others. I am citing or should I better confine myself to our own ---

Q. Go on? A. And when any dropping of prices it was the most difficult, sometimes an impossible thing, to get specifications against those contracts and I know in our own way tried to fight it at first but finally found it was impossible. Our men could not take the initiative and we hoped to retain the goodwill or friendship of these customers of ours. The result was that it became practically a matter of fact that in a dropping market one was supposed to drop any undelivered balances whether they had been specified or unspecified, and that was one of the other very important reasons that induced this group to get together and to discuss prices so that we would know what each other were doing and also was an effort to protect ourselves on the contracts ---

The Commissioner: Q. You are talking now of the other subject that we discussed yesterday I think. Are you to be talking now of the other subject discussed yesterday where the buyers who did not specify within six months were given another month to specify and if they still failed to do so then they [illegible], that you call them, short-lining", I may come to that.

Q. That is what was said yesterday?

A. Yes, if I may come to that point now.

Q. That is what you have been dealing with now?

A. Yes. That was the condition that existed then. And if I may come to that matter of black-listing, which I think has been probably misunderstood. Black-listing was never carried into effect.

Q. Have I misunderstood it? A. No. It appears from the newspapers it was misunderstood. That black-listing was never carried into effect at all.

Q. That black-listing was something between you and the other mills and the purchasers from the mills? A. Yes, but we only discussed it. It only came to the point where we discussed it and was considering really seriously in trying to put it into effect.

MR. McRUER: Does not that correspondence say that it was agreed to it should be done?

MR. KELLOCK: There is one letter from Mr. Hield that says they decided that.

THE WITNESS: I am speaking of my own knowledge - I don't know what Mr. Hield and probably others did but as far as we were concerned and as far as my knowledge goes with the other people, those other members of this group, I have no knowledge of any instance that it was ever attempted, and certainly I do not think it was ever carried out.

MR. KELLOCK: Q. Mr. Grimshaw said the same thing

ROBT. BRYCE
CHARTERED SHORTHAND
REPORTER
TORONTO - CANADA

Q. That is what was said yesterday?

A. Yes. If I may come to that point now.

Q. Just as much you have been dealing with now?

A. Yes. That was the correction that edicted them. And if I may come to that matter of block-listing, which I think was been properly misunderstood. Block-listing was never carried into effect.

Q. Have I misunderstood it? A. No.

It appears from the newspapers it was misunderstood. That block-listing was never carried into effect at all.

Q. That block-listing was something between you and the other mills and the pounders to from the mills? A. Yes, but we only discussed it. It only came to the point where we discussed it and was considering really seriously in trying to put it into effect.

MR. MONAM: Does not that correspondence say that it was agreed to it should be done?

MR. KELLOCK: There is one letter from Mr. Field that says they decided that.

THE WITNESS: I am speaking of my own knowledge - I don't know what Mr. Field and possibly others did but as far as we were concerned and as far as my knowledge goes with the other people, those other members of this group, I have no knowledge of any instance that it was ever attempted, and certainly I do not think it was ever carried out.

MR. KELLOCK: ... Mr. Grimshaw said the same thing

yesterday? A. That was my knowledge of it and if it was attempted it was done not to my knowledge at any rate.

Q. You were pretty active in this group? A. Yes.

Q. You knew what was going on? A. Yes.

Q. If any such practice had ever been put into effect do you think you would have known about it? A. I think I would have known. I don't think any of the others would deliberately put it into practice without us all knowing it. They must have discussed it and probably told some of their customers that they would put it into effect but I don't know that.

Q. And you do not know of it ever being done? A. No.

Q. Now, the situation which was facing your section of the industry at the time the practice of signing of these documents was adopted was first-buyers misrepresentation. Then the other about these contracts, as required contracts. Now, what else - what was said of the competition in your section of the industry at that time? A. It was rather severe.

Q. What do you mean by that? A. Well, there was very keen competition each of us with the other for the business that was going.

Q. And what results did that have on yourability to get a fair and reasonable profit or even get your costs? A. In many instances the prices

yesterday? A. That was my knowledge of it and if it was attempted it was done not to my knowledge at any rate.

Q. You were already active in Swift Can.? A. Yes.

Q. I see there was going out A. Yes.

Q. If any such practices had ever been put into effect do you think you would have known about it?

A. I think I would have known. I don't think any of the owners would deliberately put it into practice without us all knowing it. They must have known it and simply told some of their customers that they would put it into effect but I don't know that.

Q. And you do not know of it ever being done?

A. No.

Q. Now, the situation which was facing your department at the time the practice of signing of these documents was accepted was literally misrepresentation. When the other shops came across, as required contracts. Now, what was - what was said of the competition in your section of the industry at that time? A. It was very keen.

Q. What do you mean by that? A. Well, there was very keen competition each of us with the other for the business that was going.

Q. And what results did that have on your ability to get a fair and reasonable profit or even get your costs? A. In many instances the prices

that we got were either our costs or so little over our costs that it did not mean a great deal.

Q. And was that a healthy condition in the industry from the standpoint of anybody in your opinion?

A. I thought it was not a healthy condition.

Q. I want to refer you to one of the letters ---

THE COMMISSIONER: Had not we better know what constituted good health?

Q. Did any of these companies fail? A. None of those in this group that we were discussing, your lordship. Although I could mention one that is pretty close to it.

Q. You were talking, Mr. Dodd, of the competition that you say was unhealthy - how did bad health manifest itself? A. Well, sir, if I mentioned a name in here I do not want it to go to the newspapers because I am afraid ---

Q. If you mention a name you are doing it of course publicly. I did not ask you to mention any name? A. There was very large company that reached a stage, I think it was three years ago - again I am drawing on my memory. That could be checked, at any rate - that the directors individually had to sign and guarantee to the bank for their bond interest. Now, I would think that was almost as close to bankruptcy as one could come.

MR. McRUER: There was one of them reorganized.

THE WITNESS: They have since reorganized.

that we got were either our costs or so little over our costs that it did not mean a great deal.

Q. And was that a healthy condition in the industry from the standpoint of anybody in your opinion?

A. I thought it was not a healthy condition.

Q. I want to refer you to one of the letters ---

THE COMMISSIONER: Had not we better know what constituted good health?

Q. Did any of these companies fail? A. Some of those in this group that we were discussing, your Lordship. Although I could mention one that is pretty close to it.

Q. You were talking, Mr. Do'd, of the competition that you say was unhealthy - how did bad health manifest itself? A. Well, sir, if I mentioned a name in here I do not want it to go to the newspapers because I am afraid ---

Q. If you mention a name you are doing it of course publicly. I did not ask you to mention any name.

[illegible] renewed a stage, I think it was three years ago - [illegible] checked, at any rate - that the directors individually had to sign and guarantee to the bank for their bond interest. Now, I would think that was almost as close to bankruptcy as one could come.

MR. MORROW: There was one of them reorganized.

THE WITNESS: They have since reorganized.

MR. McRUER: Oh, you cannot take that company as a gauge of the prosperity of the rest of the industry.

MR. KELLOCK: That is an instance that developed?

A. It is an instance.

THE COMMISSIONER: Was that company one of those that you say was competing with you very severely by reducing prices? A. Previous to this, we were all competing one with the other very severely.

Q. What I want to get from you is - what made it unhealthy? A. Well, I don't know what caused them to come to that condition but ---

Q. No, no, I am asking you - when you said to Mr. Kellock that that condition created by this competition was an unhealthy one in the trade, what did you mean by that? Who suffered in the trade from it? A. Well, as far as I knew and speaking particularly of our own ability to run the company just previous to this period, we had not been making our full depreciation that would allow us to keep our mill in the condition that we felt it should be and at the same time we were doing considerable business. Our business was not as large as many years previously in dollars but yet we have not made sufficient to cover all the charges in our mill let alone making a profit. That is what I would really mean of an unhealthy condition.

Q. In what years were you in that position?

MR. MORKIN: Oh, you cannot have that company as a gauge of the prosperity of the rest of the industry.

MR. KING, K.C.: That is an instance that developed -- it is an instance.

MR. CAMPBELL: We did company one of those may for how was confirming with very severely by reducing prices. -- Previous to this, we were all competing one with the other very severely. What I want to get from you is - what made it them to come to that conclusion for ---

A. No, no, I am saying from - when you said to Mr. Morkin that what conclusion arrived by this competition was an unhealthy one in the trade, what did you mean by that? Who suffered in the trade from it? A. Well, so far as I knew and speaking particularly of our own ability to run the company just previous to this period, we had not been making our full depreciation that would allow us to keep our mill in the condition that we felt it should be and at the same time we were doing considerable business. Our business was not as large as many years previously in dollars but yet we have not made sufficient to cover all the charges in our mill let alone making a profit. That is what I would really mean of an unhealthy condition.

Q. In what years were you in that position?

MR. KELLOCK: I am going to give your lordship full particulars of that.

Q. Can you speak generally now in answer to his lordship's question? A. Well, I have not looked this over for a little while. My memory is not so awfully clear.

THE COMMISSIONER: This first agreement was about July, 1933? A. I think in 1932 and in 1931 that ouroperations at the plant were not very successful.

MR. KELLOCK: Q. Perhaps we might come to that now.

Q. Mr. Dodd, you have prepared a statement.

MR. McRUER: Have we got a copy of your questionnaire that was submitted?

MR. KELLOCK: We have something better than the questionnaire.

THE WITNESS: I have not any here.

MR. KELLOCK: Q. You have prepared a statement. You have called it profit and loss account of the Paton Manufacturing Company. It commences "The first fifteen months ending 30th April, 1924," and it runs along - that is when your company started in? A. That is the first 15 months of our operations.

Q. And itruns along ? A. Then we run on 12-month basis after that. Run 15 months first to bring it up to a certain point.

Q. And you have the story for ever 12 months down to the end of April, 1936? A. Yes.

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MR. KELLOCK: I am going to give your Lordship full particulars of that.

Q. Can you speak generally now in answer to his Lordship's question? A. Well, I have not looked this over for a little while. My memory is not as accurate (illegible).

THE COMMISSIONER: This first agreement was about July, 1939? A. I think in 1938 and in 1939 there were operations at the plant were not very successful.

MR. KELLOCK: Q. Perhaps we might come to that now.

Q. Mr. Dodd, you have prepared a statement.

MR. MCTAGGART: Have we got a copy of your questionnaire?

MR. KELLOCK: We have something better than the questionnaire.

THE WITNESS: I have not any here.

MR. KELLOCK: Q. You have prepared a statement. You have called it profit and loss account of the Paton Manufacturing Company. It commences "The first fifteen months ending 30th April, 1938," and it runs along - that is when your company started in? A. That is the first 15 months of our operations.

Q. And it runs along? A. Then we run on 12-month basis after that. Run 15 months first to bring it up to a certain point.

Q. And you have the story for over 15 months to the end of April, 1939? A. Yes.

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Q. And you show in each year your actual trading profit? A. Yes, sir.

Q. And then you show some additional income in certain years from investments? A. Yes.

Q. And then you show a deduction for, in the first place, nothing for depreciation. Then you show $36,000 to bond interest, and then you show the preferred dividends, $38,500, and taking that off in 1929 leaves you what you call a profit of $4,394.05.

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Q. And you show in each year your actual trading profit? A. Yes, sir.

Q. And then you show some additional income in addition from investment? A.

Q. And then you show a deduction for, in the first place, holding for depreciation. Then you show $39,000 to bond interest, and then you show the preferred dividends, $40,500, and making that out in

(Page 11210 follows)

BY MR. McRUER: Q. Have you your office copy of the questionnaire ? A. I would imagine so. That was all prepared by our secretary treasurer, Mr. McRuer, and I imagine he has got a copy in the office.

Q. I wonder if you could have it sent for. I am more familiar with the form. A. Would you mind we at the same time sending for Mr. Anderson ? I am afraid I cannot give you much information on this.

Q. That is all right.

THE COMMISSIONER: Is ours in Ottawa ?

MR. McRUER: Ours is in Toronto. I could have it sent down.

MR. KELLOCK: Mr. Berry will telephone Mr. Anderson to bring it over. A. May I have Mr. Anderson, our Secretary Treasurer, to answer it because I am afraid it would be a little bit wrong in my answers.

BY MR.McRUER: Probably he knows more about this than you do ? A. I think probably he does.

BY THE COMMISSIONER: Q. Well, I should imagine that; you are the sales manager ? A. Yes, Exactly; if you would wish to leave this I think Mr.Anderson --

MR. KELLOCK: I want to fit this in now in its proper place, Mr. Dodd.

THE COMMISSIONER: Well, we will file it anyhow, Mr. Kellock. It will be Exhibit 783. It is a profit and loss statement during the life-time of the company.

MR. KELLOCK: Yes, my lord.

MR. KELLOCK: Yes, my lord.

EXHIBIT No. 783: Profit and Loss statement of Paton Manufacturing Company.

MR.McRUER: I see in making this up you call net profit something after preferred stock dividend was paid.

MR. KELLOCK: I have stated that. I am coming to that in a minute. On that basis, Mr. Dodd, you show a climb in your figures up to the end of the 1927 period.

THE COMMISSIONER: You show what ?

MR. KELLOCK: A climb, my lord.

THE COMMISSIONER: A climb.

THE WITNESS: I should mention here these figures are for -- when we say for the years, the 30th of April, 1925 for instance, that means from the 1st of April 1924 to the end of April, 1925; that is our fiscal year.

BY MR. KELLOCK: Q. You mean 13 months ? A. 12 months.

Q. You mean from the 30th of April in each year until the 30th of April the following year ? A. Yes, from the 1st of May I should have said.

Q. Well, that is clear ? A. That is clear.

Q. Yes; then, in 1928 there was a very severe falling off to the small figure of $4,181. In the year 1929 it goes up again to $63,000. and in the following year, 1930 it goes down again to $44,000.; in 1931 down again to $38,800. In 1932 it is down again to $19,472. and in 1933 it is down again to

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EXHIBIT NO. 778: Profit & and Loss
statement of
Company.

MR. [illegible]: I see in making this up you call not profit something after preferred stock dividend was paid.

MR. MILLOCK: I have stated that. I am coming to that in a minute. On that basis, Mr. Dodd, you show a climb in your figures up to the end of the 1929 period.

THE COMMISSIONER: You mean what ?

MR. MILLOCK: A climb, my lord.

THE COMMISSIONER: A climb.

THE WITNESS: I should mention here these figures are for -- when we say for the years, the 30th of April, 1929 for instance, that means from the 1st of April 1928 to the end of April, 1929; that is our fiscal year.

BY MR. MILLOCK: Q. You mean 12 months ?

A. 12 months.

Q. You mean from the 30th of April in each year until the 30th of April the following year ? A. Yes, from the 1st of May I should have said.

Q. Well, that is clear ? A. That is clear.

Q. Yes; then, in 1928 there was a very severe falling off to the small figure of $4,181. In the year 1929 it goes up again to $83,000. and in the following year, 1930 it goes down again to $44,000.; in 1931 down again to $30,000. In 1932 it is down again to $19,472. and in 1933 it is down again to

$2,203.? A. Yes.

MR. McRUER: Yes, but the dividends went up .

MR. KELLOCK: The dividend did not go up except in the first year. It has been constant all the way through.

MR.Mc RUER: You paid out $6,000. more in dividends. The figures are very deceiving.

MR. KELLOCK: My friend says the figures are deceiving. I don't think he should say that.

THE COMMISSIONER: Well, he can establish that afterwards.

MR. KELLOCK: Yes, I think he should establish it afterwards.

THE COMMISSIONER: That is to say in 1933 the net profit was $2,200.

MR. KELLOCK: Yes, that is after taking care of the preferred stock dividend, but the witness will have something to say about that. Then, in 1934 the corresponding figure is $3,394. Now, in that year you have an adjustment here of machinery in respect of plant displacements, $66,080.? A.Yes.

Q. And the net is -- A. There was $86,000.

Q. Apparently you had to scrap $86,663. worhh of machinery ? A. Right, that was the scrap.

Q. What you realized on scrap value was $3,140. so that the net scrap or write-off at that time actually realized was $83,523 ? A.Right.

BY MR. McRUAR: Q. I haven't got that figure, where is that ? A. I think they are on the

bottom there, Mr. McRuer.

BY MR. KELLOCK: Q. Then you deduct from that the figure of $17,442. which is the depreciation which you actually wrote off that year out of --

A. No, as I understand that, subject oto Mr. Anderson's report that we had not through all these years been able to take our full depreciation, and that $17,000 comes of not being able to take all of our depreciation, or the amount which we were only allowed to take in proportion to -- against this scrap machinery as against the amount we had set up for depreciation.

Q. In other words, out of what you had been able to set up,against this actual depreciation which you ran into you had only been able actually to set up $17,442.? A. Right.

Q. So your actual value you had to scrap was $66,080. ? A. Right.

Q. As against which you had not been able to set up any depreciation reserve at all ? A. On that particular machinery.

Q. On that particular machinery ? Then, the following year, or in April, 1935, your corresponding figure of net profit goes up to $44,222, but you have a somewhat similar ex perience -- A. Wait a moment, that is a loss, isn't it ?

Q. Yes, I am sorry,that should be red , not a profit ? A. Yes, that was 1933 and 1934.

BY THE COMMISSIONER: Q. What year ? A. 1933 and 1934.

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bottom there, Mr. Osler.

BY MR. MILLOCK: Q. Then you deduct from that the figure of $17,442. which is the depreciation which you actually wrote off that year out of --

A. No, so I understand that, subject to Mr. Anderson's report that we had not through all these years been able to make our full depreciation, and that $17,000 odd of not being able to take all of our depreciation, or the amount which we were only allowed to take in proportion to -- against this scrap machinery as against the amount we had set up for depreciation.

Q. In other words, out of what you had been able to set up against this actual depreciation which you ran into you had only been able actually to set up $17,442.? A. Right.

Q. So your actual value you had to scrap was $66,080.? A. Right.

Q. As against which you had not been able to set up any depreciation reserve at all? A. On [illegible].

Q. On that particular machinery? Then, the following year, or in April, 1939, your corresponding figure of net profit goes up to $44,882, but you have a somewhat similar ex perience -- A. Well a moment, that is a loss, isn't it?

Q. Yes, I am sorry, that should be red, not a profit? A. Yes, that was 1938 and 1934.

Q. What year? A. 1938 [illegible] 1934.

Q. The year ending ? A. No, the fiscal year from the 1st of May 1933 to the end of May 1934.

BY MR. KELLOCK: Q. The answer to his lordship's question is the year ending the 30th of April, 1935 ? A. I am sorry, that is my mistake.

Q. The year ending in 1933 the profit was $2,200. The following year it was $3,300. and the following year, 1935 a loss of $44,222. In that year, Mr. Dodd, you apparently ran into a similar situation; you had to scrap machinery to the value of $10,328. and you actually realized $200. as scrap value ? A. Yes.

Q. As against that particular machinery ? A. And we could only write off --

Q. You could only write off $2,399. so that the actual loss which you took due to depreciation or obsolescence ? A. Or lack of depreciation.

Q. Well, the actual depreciation, because you have to scrap the machinery, it was $7,728. for which you had not been able to set up any depreciation at all? A. Right.

Q. Now, the year ending the 30th of April, 1936, you show a profit of $35,033, and that is the situation throughout. Now, while you have included in this the amount you paid -- and I assume you paid these dividends on the preferred stock? A. Yes, they were paid.

Q. Were they cumulative, do you know ? A. I cannot answer that, Mr. Anderson will answer that.

Q. While you actually paid these dividends

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throughout the years, you did so at the expense of depreciation because you were not able to fully provide out of your profits for the depreciation which you ran into? A. Yes.

MR. McRUER: That is not the case. They did not charge those repairs to machinery against depreciation account but they charged it against surplus account. That is what you did, wasn't it ?

MR. KELLOCK: No, no, no.

MR. McRUER: You have got a surplus of $191,500. --

BY MR. KELLOCK: Q. Am I stating it correctly ? A. I wonder if that part of it could be left over. Frankly, I am not clear, sufficiently clear on these depreciations, your lordship, to be able to answer Mr. McRuer here. Mr. Anderson will do that.

Q. I do not agree with you, Mr. McRuer, because I know what the witness will say. However, we will leave it. The situation is, Mr. Dodd, leaving aside any controversy there may be about preferred dividends, that the year ending in April 1932, in April 1933, April 1934 and April 1935 were what kind of years ? A. We would call them bad years.

Q. And in the year ending April 1935 while the dividends which you paid were $42,000. on your preferred stock your actual loss was $44,322. so you had a loss of some $2,200. over and above the dividends that you paid ? A. Yes, or even over I think the bond interest. I mean to say, apart from the preferred stock at all. I believe we would have had a loss there, or just a slight gain if we

throughout the years, you did so at the expense of depreciation because you were not able to fully provide out of your profits for the depreciation which you ran into? A. Yes.

Q. Mr. Smith: That is not the case. They did not charge those results to machinery against depreciation account but they charged it against surplus account. That is what you did, wasn't it?

Mr. Wade: You have got a surplus of ($81,000.) --

BY MR. BILTON: Am I entering it correctly? I wonder if that part of it could be left over. Frankly, I am not clear, sufficiently clear on these depreciations, that perhaps, we be able to answer Mr. Mosher here. Mr. Anderson will do that.

Q. I do not agree with you, Mr. Mosher, because I know what the witness will say. However, we will leave it. The situation is, Mr. Judd, leaving aside any controversy there may be about preferred dividends, that the year ending in April 1932, in April 1933, April 1934 and April 1935 were what kind of years? A. We would call them bad years.

Q. And in the year ending April 1935 while the dividends which you paid were $48,000. on your preferred stock your actual loss was $44,888. so you had a loss of more $2,800. over and above the dividends that you paid? A. Yes, or even over I think the bond interest. I mean to say, apart from the preferred stock at all. I believe we would have had a loss there, or just a slight gain if we

had taken the bond interest -- Yes, we would have had a slight gain.

. Had a slight gain, yes. A. Yes.

THE COMMISSIONER: Well, we will take our usual recess now.

-- The Commission adjourned for a short recess.

-- On resuming.

MR. KELLOCK: With your lordship's permission I should like to call Mr. Anderson as to the last Exhibit, my lord. I might have that point cleared up before I finish with Mr. Dodd.

THE COMMISSIONER: Mr. Anderson ?

MR. KELLOCK: He is the Secretary Treasurer of the Paton Company.

THE COMMISSIONER: Mr. Dodd will stand aside.

MR KELLOCK: Stand aside for the moment.

THE COMMISSIONER: Have we had Mr. Anderson before ?

MR. KELLOCK: No, my lord.

ANDREW F. ANDERSON, sworn.

EXAMINED BY MR. KELLOCK: Q. Mr. Anderson, I am showing you Exhibit 783. Was this prepared by you ? A. It was.

Q. And in the year ending the 30th of April, 1934, there is an item here adjustment of machinery in respect of plant displacements $66,080.87, and --

THE COMMISSIONER: Just a moment before we

proceed; Mr. nderson has not stated his position.

MR. KELLOCK: I am sorry, my lord.

THE WITNESS: Secretary Treasurer.

BY THE COMMISSIONER: Q. Of this company ?

A. Yes.

BY MR. KELLOCK: Q. Of the Paton Company?

A. Yes.

Q. The explanatory note here says that figure is arrived at by the fact that the Company had to scrap some $86,663. worth of machinery that year in respect to which they realized $3,140., or a net discard of $83,523. There is deducted from that the figure of $17, 442.18 which is said to be the depreciation actually written off. Would you explain that figure, that $17,000. figure? A. Up to the year ended April 30th, 1934, our reserve for depreciation over our entire plant was only such that $17,442 applied against the $86,663 of machinery actually scrapped.

Q. That is that particular machinery ?

A. To that particular machinery; the rest of the reserve for the depreciation set up applied to machinery still in use at the plant.

Q. So far as that particular machinery, which was discarded in that year, is concerned the value discarded to the extent of $66,080. was unprovided for in the depreciation account ? A. Right, sir.

Q. The depreciation reserve at the end of that year, I suppose, would amount to the total of these amounts which are set aside and deducted each year for

proceed; Mr. Osborne has not stated his position.

MR. MARLOCK: I am sorry, my lord.

THE CLERK: Secretary, Treasurer.

A. Yes.

Q. The Kenton Company?

A. Yes.

Q. The explanatory note here says that figure is arrived at by the fact that the company had to scrap some $36,885. worth of machinery that year in respect to which they realized $9,140., or a net discount of $26,745. There is deducted from that the figure of $17,448.15 which is said to be the depreciation actually written off. Would you explain that figure, that $17,000. figure? A. Up to the year ended April 30th, 1934, our reserve for depreciation over our entire plant was only such that $7,442 applied against the $26,800 of machinery actually scrapped.

Q. What is that particular machinery?

A. To that particular machinery; the rest of the reserve for the depreciation set up applied to machinery still in use at the plant.

depreciation; would that be right ? A. Right.

Q. Now, if as against this particular machinery you had only provided this $17,000. figure how much should the reserve for depreciation on the whole plant have actually been, or how much was it short, if you prefer to put it that way? A. I would say it would be short approximately $400,000.

Q. That is at the end of what time, what period ? A. April 30th, 1934.

Q. At the end of April, 1934; now, at the end of that time or just prior to that time your surplus had been in the preceding year at the end of the preceding period, $273,104., and before you take this $66,000 figure into consideration the surplus was up to $276,498., but when you make that adjustment that brought your surplus down to $210,000. The following year you had to do a similar thing on a smaller scale and that brought your surplus down to $158,000., and at the end of the year ending the 30th of April, 1936, you had a surplus of $191,501. Now, at the end of that period, that is, the year ending the 30th of April, 1936, if you had applied your surplus toward the amount that your depreciation reserve was short would you still have had a deficiency in the reserve for depreciation of $250,000.?

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A. We would have a deficiency of approximately $200,000.

BY MR. McRUER: Q. Have you the answers to the questionnaire, the returns to the accountant? A. I have, sir.

Q. Would you let me see them please? This company was incorporated when? A. In 1923.

Q. Had there been any business carried on before that? A. Yes, sir, we bought it as a going concern.

Q. What was the name of the business before A. The Paton Manufacturing Company.

Q. Oh yes, the Paton Manufacturing Company, and it was an incorporated company? A. I do not know, sir.

Q. Well, there would be something that would tell us the terms on which the business was taken over from the previous company. A. It was an outright purchase.

Q. For how much? A. $1,200,000.

Q. In cash? A. $600,000 in cash and $600,000 in bonds.

Q. Oh yes, $600,000 in cash and $600,000 in bonds. Who were the principals in the previous company? A. I do not know who the shareholders were, but the president was John Turnbull.

Q. Is that the same Turnbull as of the Turnbull Manufacturing Company? A. No, I do not think so.

Q. Who else were involved in it? A. I am not sure of that.

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ONTARIO

A. He would have a deficiency of approximately $800,000.

BY MR. MORROW: Q. Have you the answers to the questionnaire, the returns to the assessment?

A. I have, sir.

Q. Would you let me see them please?

This company was incorporated when? A. In 1907.

Q. Had this been any business carried on prior thereto?

A. Yes, sir, we bought it as a going concern.

Q. What was the name of the business before that?

A. The Eaton Manufacturing Company.

Q. Oh yes, the Eaton Manufacturing Company, and it was an incorporated company? A. I do not know, sir.

Q. Well, there would be something that would tell us the terms on which the business was taken over from the previous company. A. It was an outright purchase.

Q. For how much? A. $1,200,000.

Q. In cash? A. $600,000 in cash and $600,000 in bonds.

Q. Oh yes, $600,000 in cash and $600,000 in bonds. Who were the principals in the previous company?

Q. Who else were involved in it? A. I am not sure of that.

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Q. Where are all the records of the previous company? Did they come into your hands at all? A. Some of them may have. I do not have them all. We were not interested.

Q. You see, in making a study of the business carried on by this company it is always interesting for us to get back to the beginning. At any rate the capital investment in the company was apparently $600,000 of cash. Was that an issue of preferred stock? A. Preferred stock.

Q. Sold to only a group of people or was it sold generally? A. Sold generally.

BY THE COMMISSIONER: Q. Sold to the public? A. Right, sir.

BY MR. McRUER: Q. Was the common stock given away as a bonus with the preferred stock? A. No, it was sold for five dollars a share with the preferred stock.

BY THE COMMISSIONER: Q. How much capital stock was there? A. There were six thousand preferred shares of $100 each, or $600,000, and ten thousand shares of common stock of no par value.

Q. Of no par value? A. Right, sir. There was at the time $1,000,000 of six per cent bonds authorized, of which $600,000 were sold to pay off the old company.

BY MR. McRUER: Q. They were sold? A. They were turned over to the old company, to the shareholders.

BY THE COMMISSIONER: Q. Did I understand

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Q. Where are all the records of the previous company? If they came into your hands at all?

A. Some of them may have. I do not have them all. We were not interested.

Q. You see, in making a study of the business earning on by this company it is always interesting for us to get back to the beginning. At any rate the capital invested in the company was supposed only $300,000 of cash. Was that an issue of preferred stock? A. Preferred stock.

Q. Would to only a group of people or was it [illegible]?

BY MR. [illegible]: Q. Was the common stock given away as a bonus with the preferred stock?

A. No, it was sold for five dollars a share with the preferred stock.

BY THE COMMISSIONER: Q. How much capital [illegible] preferred shares at $100 each, or $600,000, and ten thousand shares of common stock of no par value.

There was at the time $1,500,000 of six per cent bonds authorized, of which $600,000 were sold to buy off the old company.

[illegible] turned over to the old company, to the shareholders.

you to say that the common stock was sold to the public at five dollars a share? A. To the buyers of the preferred shares. With each preferred share they were entitled to buy one common share.

Q. Was that put out to the public generally? A. Yes, as far as I know. Our stock is on the unlisted section of the Montreal curb market.

Q. I see an item in the answer to the questionnaire: 1925, May, organization surplus, $400,000. What is that? A. When we bought over that company for $1,200,000 an appraisal of the machinery by the Canadian Appraisal Company Limited showed a value of approximately $1,200,000 for which we paid $596,000, and in opening up the new company the machinery was written up by the amount of $400,000.

Q. Then we have in your capital structure a write-up of $400,000 for plant and machinery. A. Right, sir.

Q. So when we are talking about depreciation we are talking about the depreciation of something that had been written up by $400,000? A. Right.

Q. I see. You first put it up and then begin to bring it down. Is that it? A. No, the value was there.

Q. Well, the value may have been there, but when you are talking about depreciating something you depreciate it from what it cost, You do not first inflate it and then start to depreciate it again, do you? Otherwise we

Q. Was that put out to the public generally?

A. Yes, as far as I know. Our stock is on the unlisted section of the Montreal curb market.

Q. I see on item in the answer to the circulaire: 1922. May. Organization surplus, $600,000. What is that? A. When we bought over that company for $1,800,000 on appraisal of the machinery by the Canadian Appraisal Company limited showed a value of approximately $1,800,000 for which we paid $900,000, and in opening up the new company the machinery was written up by the amount of $600,000.

Q. Then we have in your capital structure a write-up of $600,000 for plant and machinery.

A. Right, sir.

Q. So when we are talking about depreciation we are talking about the depreciation of something that has been written up by $600,000?

A. Right.

Q. I see. You first put it up and then begin to bring it down. Is that it? A. No, the value was there.

Q. Well, the value may have been there, but when you are talking about depreciating something you depreciate it from what it cost. You do not first inflate it and then start to depreciate it again, do you? Therefore we

would never get through with this business of depreciation. Do you think that depreciation is a valid depreciation that is taken on the basis of a blown up price --

MR. KELLOCK: I object to my friend using that language, my lord.

THE COMMISSIONER: I understand what is meant. The witness says that in the purchase the plant was appraised by some appraiser as being worth much more than it was bought for, and it was as a result written up by $400,000.

MR. KELLOCK: We must assume, my lord, that the appraisal was a valid appraisal, and why should my friend say that it was blown up or inflated? If I purchase the thing for less than its actual value am I not entitled to depreciate it without having it said that it has a blown up or inflated value?

MR. McRUER: I do not think my friend is entitled to depreciate it by any such value for the purpose of the income tax.

THE COMMISSIONER: That is all argumentative. The use of the word "blown-up" has no effect on me.

MR. McRUER: I will say an inflated price.

MR. KELLOCK: I do not think that is any better.

THE COMMISSIONER: Does it not have to come back to us. The question is whether in a proper accounting it is right to do that. I cannot decide that now, neither can you.

MR. KELLOCK: My friend is deciding it, my lord.

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Chartered Stenographic
Reporter
TORONTO - CANADA

depreciation. Do you think that depreciation is a valid depreciation that is taken on the basis of a blown up price --

MR. KERR-COX: I object to my friend using that language, my lord.

THE [illegible]: I understand what is meant. The witness says it is the purchase the plant was appraised by some appraiser as being worth much more than it was bought for, and it was on a result written up by $400,000.

MR. KERR-COX: We must assume, my lord, that the appraisal was a valid appraisal, and my friend may intend say that it was blown up or inflated. If I purchase the thing for less than its actual value am I not entitled to depreciate it without having it said that it has a blown up or inflated value?

MR. McHUGH: I do not think my friend is entitled to depreciate it by any such value for the purpose of the income tax.

THE [illegible]: That is all argumentative. The use of the word "blown-up" has no effect on me.

MR. McHUGH: I will say an inflated price.

MR. KERR-COX: I do not think that is any [illegible].

THE [illegible]: Does it not have to come back to us. The question is whether in a proper accounting it is right to do that. I cannot decide that now, neither can you.

MR. KERR-COX: My friend is deciding it, my lord.

THE COMMISSIONER: I am being given the facts, and later on I shall try to ascertain whether that is a proper way of valuing the assets.

MR. KELLOCK: My friend is already deciding.

THE COMMISSIONER: He is not deciding. He is enlightening me. I am to do the deciding.

MR. McRUER: The point though, is that my friend was putting before the Commissioner what I regarded rightly or wrongly as a very fallacious figure of depreciation.

MR. KELLOCK: What you may regard it as is not proof.

THE COMMISSIONER: But it may be proved. We might get expert evidence on the question whether what has been done here is a proper or improper way of accounting the financial position of a company.

MR. KELLOCK: And that I would have no complaint of.

BY MR. McRUER: Q. For the purposes of your depreciation, in this statement that you have put in as Exhibit 783 you were working on what must be regarded as an inflated valuation to the extent of 25 per cent with regard to machinery. A. No, we were working on a value that had been arrived at with the Income Tax Department.

Q. The Income Tax Department did not arrive at that conclusion.

THE COMMISSIONER: Would Mr. Howson be in a position to give us expert evidence on that?

MR. McRUER: I would think so.

BY THE COMMISSIONER: Q. Which company did the

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leave, and never can I ever try to ascertain whether that is a proper way of valuing the assets.

MR. MACLOCK: My friend is already deciding.

THE COMMISSIONER: He is not deciding. He is enlightening me. I am to do the deciding.

MR. MONDER: The point though, is that my friend was putting before the Commissioner what I regarded rightly or wrongly as a very fallacious figure of depreciation.

MR. MACLOCK: What you may regard it as is not germane.

THE COMMISSIONER: But it may be proved. We might get expert evidence on the question whether that has been done here is a proper or improper way of accounting the financial position of a company.

MR. MACLOCK: And that I would have no complaint of.

BY MR. MONDER: Q. For the purposes of your correspondence, in this statement that you have put in as Exhibit 785 you were working on what must be regarded as an inflated y aluation to the extent of 25 per cent with regard to machinery. A. No, we were working on a value that had been arrived at with the Income Tax Department.

Q. The Income Tax Department did not arrive at that conclusion.

THE COMMISSIONER: Would Mr. Monder be in a position to give us expert evidence on that?

MR. MONDER: I would think so.

BY THE COMMISSIONER: Q. Which company did the

appraising? A. The Canadian Appraisal Company.

Q. Where are they, Toronto? A. No, Montreal.

BY MR. McRUER: Q. Have you got your first annual report for the year 1924, the first year ? A. No, not here, sir.

Q. It would be very useful for us to have? A. That was a firteen months' period.

Q. Yes. Now I turn to your profit and loss account. Your net profit on sales, after providing for depreciation, selling expenses, administrative and executive expenses, and all that, amounted for the year 1926 to $121,823.59; 1927 $137,015.35; 1928, $90,108.36; 1929, $150,591.74; 1930, $120,795.58; 1931, $128,860.63; 1932, $91,553.56; 1933, $79,226.18; 1934, $82,252.54; 1935, $20,730.91; 1936; $115,956.06.

But in 1934 you seemed to write off for depreciation $44,000 as against $31,000 the year before and $25,000 the year before that. Why did you increase it in 1934 ? A. Because we were trying at all times to write off such depreciation as we could up to a reasonable amount, and in the years previous, when we were setting up a figure of $25,000 it was with the idea of building up our surplus account to take care of any contingency.

Q. Can you tell me how your inventory was valued for these years? A. Yes, our raw materials up to a year ago were on a cost or market

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Company.

Q. Where are they, Toronto? A. No,
Montreal.

MR H. DEPUTY: Q. Have you got your first
annual report for the year 1924, the first year ?
A. No, not here, sir.

Q. It would be very useful for us to
have? A. Just was a fifteen months'
period.

Q. Yes. Now I turn to your profit and loss
account. Your net profit on sales, after pro-
viding for depreciation, selling expenses, adminis-
trative and executive expenses, and all that,
amounted for the year 1926 to $181,885.39; 1927
$[illegible]; 1928, $[illegible]; 1929,
$91,952.56; 1930, $79,226.18; 1924, $[illegible];
[illegible]

But in 1924 you seemed to write off for de-
preciation $44,000 as against $1,000 the year
before and $20,000 the year before that. Why did
you increase it in 1924 ? A. Because we
were trying at all times to write off each depre-
ciation as we could up to a reasonable amount, and
in the years previous, when we were putting up a
figure of $20,000 it was with the idea of building
up our surplus account to take care of any contin-
gency.

Q. Can you tell me how your inventory was
valued for these years? A. Yes, our raw
materials up to a year ago were on a cost or market

basis. Our process stock was on a cost basis. I think our lowest cost basis was in 1934, and our packed, finished goods were on the 1934 selling list.

Q. Just let me see now. Your raw material was -- A. On a cost or market basis.

Q. Whichever was -- A. Whichever was lower,

Q. And your process stock was on what? A. On a cost basis that was prepared from time to time.

Q. A cost basis was prepared from time to t time. What do you mean by that? A. Well, we had made up a cost for various processes taking the raw material cost and adding manufacturing costs.

Q. Is that the same cost basis you use in pricing goods, or do you price goods from cost? A. Goods were priced from cost, yes.

Q. Was that same cost basis used in pricing goods? A. As far as I know, yes.

Q. Well, was it ? A. I had not charge of that work; I do not know.

Q. You do not know about that? Then next is the made-up goods. How were they valued for inventory purposes? A. We used a sales price list, and discounted that.

Q. Discounted it how much? A. 20 per cent.

Q. 20 per cent discount on the sales price list? A. Right.

Q. Why did you discount your manufacturing

Q. Just let me see now. Your raw material was -- A. On a cost or market basis.

Q. Whichever was -- A. Whichever was lower.

Q. And your process stock was on what?

A. On a cost basis that was prepared from time to time.

Q. A cost basis was prepared from time to t -- A. Well, we had made up a cost for various processes taking the raw material cost and adding manufacturing costs.

Q. Is t et the same cost basis you use in pricing goods, or do you price goods from cost?

A. Goods were priced from cost, yes.

Q. Was that same cost basis used in pricing goods? A. As far as I know, yes.

Q. Well, was it ? A. I had not charge of that work; I do not know.

Q. You do not know about that? Then next in the made-up goods. How were they valued for inventory purposes? A. We used a sales price list, and discounted that.

Q. Discounted it how much? A. 80 per cent.

Q. 80 per cent discount on the sales price list? A. Right.

Q. Now had your [illegible]

goods on the basis of 20 per cent off the sales price? A. To take out the profit and bring it back to a cost basis.

Q. Bring it back to a cost basis, you say. Then your sales price list shows a profit of 20 per cent. A. No, not on every line.

Q. But that was considered the average profit in your sales price list, 20 per cent ? A. No, we took out our profit and selling expenses which were not a earned until the goods were sold.

Q. I know, but I am talking of your 20 per cent off. A. No, that was just a figure that had been s t by the management.

Q. B the management? You do not know whether it was excessive or not? A. No, I do not know.

Q. Have you an inventory reserve? A. No

Q. If there is one on these figures, of course you would not have any mathematical calculation of what it was? A. No. We have no idea what our reserve would be.

Q. You have no idea what your reserve of inventory is? A. No.

Q. If you have put your inventory in y ur statements from time to time at a lower figure than it actually was, you do not know what reserve you would have built up? A. Well, it could not be very much because all our raw materials were taken on a cost or market basis.

Q. That is raw materials only? A. Our process stock would depend on the value of the processed stock going through.

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Q. Now with respect to one other matter. You said that you took the 1934 prices.

A. That is our 1934 list.

Q. Of what? A. That we have made for our process stock.

Q. On your 1934 prices, why?

A. Because we have been having to write down this base as the market was falling for a time. We adopted a basis for process stock, and then we probably find by the end of the year it is too high, that the market had fallen, so in 1934 we made a new base, and we have never changed it since.

Q. A new base for process stock? A. Yes.

Q. So that that may be worth very much more now? A. It may be. That is only the material value. The labour and all the other charges in the process are the same.

Q. You say that in 1929 you wrote off for depreciation $64,000? A. Right, sir.

Q. And you had a net profit that year of $150,000 ? A. Yes.

Q. That seems to have been your peak year?

A. It was.

Q. Now when you come to this item we are discussing in 1934, when the surplus account was encroached on for new machinery --

A. Not new machinery, for machinery written off.

MR. KELLOCK: Scrapped.

THE WITNESS: Not necessarily replaced.

BY MR. McRUER: Q. It was not replaced?

A. Not all of it was.

Q. Let us see what the transaction was. I

Q. Now with respect to one other matter. You said that you took the 1954 prices.

A. That is our list list.

Q. Or what? A. That is we made for our process stock.

Q. On your 1954 prices, why?

A. Because it was been being to write down this free as the market was falling for a time. We adopted a basis for process stock, and then we probably time by the end of the year it is two high, that the market had fallen, so in 1954 we made a new base, and we have never changed it since.

Q. A new base for process stock? A. Yes.

Q. So that that may be worth very much more now? A. It may be. That is only the material value. The labour and all the other charges in the process are the same.

Q. You say that in 1954 you wrote out for [illegible]

Q. And you had a net profit that year of $150,000 ? A. Yes.

Q. That seems to have been your peak year?

A. It was.

Q. Now when you come to this item we are discussing in 1954, [illegible]

A. [illegible] for machinery written off.

Q. Additions: Scrapped.

This will be: Not necessarily replaced.

Q. By Mr. Mould: Q. It was not replaced?

A. Not all of it was.

Q. And we [illegible]

rather thought it was a replacement of machinery.
A. Not altogether.

Q. Then in 1934 there was machinery which is put in here as $86,663. Now what value was that? That was the appraised value?
A. That is the value we wrote it up in our books at the beginning of the company, the appraised value less 10½ per cent.

Q. So to begin with this item of $86,000 is an item that was not the cost of the machinery to you? A. It was the cost we put on our books.

Q. You could put on your books anything you liked. It was not the cost of the machinery to you, so it was not a loss? A. It was the loss according to our books.

Q. If I value my coat at $5 more than it is worth, and then lose my coat, do you think I am entitled to charge that higher value irrespective of what I pay for the coat? A. We wrote our machinery on our books at a certain value, and then we wrote it off at the same value

Q. The result is that your surplus account would appear very much higher if you take the cost instead of the appraised value? A. Right.

Q. To whom was this machinery sold?
A. Scrap dealers.

Q. What was it taken out for?
A. Obsolescence.

Q. Was it replaced? A. Part of it.

Q. Were the replacements charged as machinery repairs to operation account?

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CHARTERED STENOGRAPHIC REPORTER
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A. Capital account.

Q. Were they all charged to capital account. A. Quite so.

Q. You are quite positive on that?

A. Yes, sir.

Q. I see that in 1934 the machinery repairs are almost twice as much as they were in 1933, $13,846 as against $7,444 . Why was that ?

A. Probably that much more repairs in the plant. That is the only answer.

Q. Has Mr. Howson gone into the type of charges under this machinery repair account?

A. No, sir.

Q. I see that in 1935 the machinery repairs charged to operation were $19,903. A. Right. There may have been a lot of that machinery, if you call it machinery, that we could build ourselves, in the nature of wooden dye tubs, such as that, that we have repaired and rebuilt. That could not be capitalized. We have not added anything to our plant.

Q. If you built new machinery you have added something to your plant. A. If we add new machinery, we add to our equipment.

Q. You cannot have it both ways. You cannot charge replacements to operation and have a depreciation account as well. Depreciation is to take care of replacements. A. No, if we keep it in a normal condition, keep it in firstclass condition, that is repairs.

Q. You see, depreciation will then be all to the good. It will be just a cash reserve.

A. No, it is machinery which has a depreciating

value.

Q. But if you charge to operations the reconstruction of machinery, and at the same time carry depreciation on your machinery ---no, A. No, it is the reconstruction of machinery.

Q. You gave as an illustration the repairing of vats, putting them back in good shape. That is reconstructing them. Then they will be worth just as much as when you started, wouldn't they? A. Yes, but it is not new machinery.

Q. But then your depreciation amount is all to the good. You are charging to operations the necessary repairs to keep them in good shape, and then you have a depreciation account, which is really a profit. A. If that was for another plant it would be.

Q. Well, at any rate you have paid all your preferred stock dividends, you have paid all your bond interest.

BY THE COMMISSIONER: Q. What is your rate on dividends? A. Seven per cent.

BY MR. McRUER: Q. You have paid your bond interest too?

BY THE COMMISSIONER: Q. How much is there?

BY MR. McRUER: Q. What is the rate of your bond interest? A. It was six per cent up to March or this year when we retired our bonds and put out a new 4½ per cent issue. They were not due till 1956 but we called them in and put out a new issue at a lower rate of interest.

BY THE COMMISSIONER: Q. What is the amount of this new issue? A. $700,000.

Q. But if you charge to operations the reconstruction of machinery, and at the same time carry depreciation on your machinery ---ee. A. No, it is the reconstruction of machinery.

Q. You gave as an illustration the repairing of vats, putting them back in good shape. That is reconstructing them. Then they will be worth just as much as when you started, wouldn't they?

A. Yes, but it is not new machinery.

Q. But then your depreciation amount is all to the good. You are charging to operations the necessary reserve to keep them in good shape, and then you have a depreciation account, which is really a profit. A. If that was for another plant it would be.

Q. Well, at any rate you have paid all your preferred stock dividends. You have paid all your bond interest.

BY [illegible]: Q. What is your rate

BY MR. [illegible]: Q. You have paid your bond interest too?

BY THE [illegible]: Q. How much is there

BY MR. [illegible]: Q. What is the rate of your bond interest? A. It was six per cent on to March of this year when we retired our bonds and put out a new 4½ per cent issue. They were not due till 1955 but we called them in and put out a new issue at a lower rate of interest.

BY THE [illegible]: Q. What is the amount of this new issue? A. $750,000.

Q. Is that all taken up? A. Yes.

Q. At 4½ per cent? A. Yes, sir.

Q. It was taken up at par? A. We sold it at 98.

BY MR. McRUER: Q. What do you say now as to whether your plant and machinery show an increased value over what was shown in the annual reports for 1924 and 1925? How about that? A. They show an increase by the amount of the additions charged to capital account each year.

Q. Yes, I know that. You have not got your annual statements here? A. No, sir.

Q. These returns are in just a little too loose a form for me to follow. You have now a surplus account of $191,501.06 ? A. Yes, sir.

Q. And I notice that y u have an income from investments and dividends in 1936 amounting to $20,084.34 ? A. Right, sir.

Q. Do you have anything to do with the costing in your plant? A. No, sir.

Q. Who does that? A. Our cost accountant, A. W. Davis.

MR. DODD: May I make a correction there? The costing is really done at the costing department of the mill and checked over by Mr. Davis at Montreal.

BY MR. McRUER: I notice that there has been a steady increase in your investments for 1928. They amounted to $4,495, that is income from investments in 1928 and in 1936, $20,084.34. A. Right, sir.

MR. KELLOCK: It was less in 1936 than in 1935.

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TORONTO - CANADA

Anderson

Q. Is that all taken up? A. Yes.

Q. At 4% per cent? A. Yes, sir.

Q. It was taken up at par? A. We sold it at 98.

BY MR. McQUEEN: Q. What do you say now as to whether your plant and machinery show an increase in the amount in the annual reports for 1924 and 1928? How about that?

A. They show an increase by the amount of the additions charged to capital account each year.

Q. Yes, I know that. You have not got any annual statements here? A. No, sir.

Q. These returns are in just a little too loose a form for me to follow. You have now a surplus account of $1,801,06 ? A. Yes, sir.

Q. And I notice that you have an income from investments and dividends in 1928 amounting to $80,084.84 ? A. Right, sir.

Q. Do you have anything to do with the costing in your plant? A. No, sir.

Q. Who does that? A. Our cost accountant. [illegible]

May I make a correction there? The costing is really done at the costing department of the mill and looked over by Mr. Davis at Montreal.

BY MR. McQUEEN: I notice that there has been a steady increase in your investments for 1928. They amounted to $4,495. that is income from investments in 1928 and in 1926, $80,084.84.

A. Right, sir.

MR. [illegible] It was less in 1926 than in 1928.

MR. McRUER: Yes, it was down a little.

BY MR. McRUER: Q. What was the reason for that, Mr. Anderson? A. We may have sold some securities bearing a higher rate of interest and bought some carrying a lower rate of interest

Q. Can you tell me what concessions you have from the town of Sherbrooke in respect of taxes? A. None that I know of.

Q. No tax exemptions on anything down there A. Not that I know of.

Q. No fixed assessments? A. Not that I know of.

Q. Would you say that there are none? A. I have never heard of any. We are assessed by the city of Sherbrooke, and I don't know what they fix their value on.

(Page 11036 follows)

Q. One thing about your answer I want to clear up: You suggested to His Lordship commonstock was sold at $5. a share? A. Right, sir.

Q. That is not a fact in regard to the whole of the common stock, is it? There are only $50,000. worth sold at $5. a share? A. There are only 10,000 common shares.

Q. Well, you charge up in organization service $4,000. to common stock? A. That was the write-up on the plant of $4,000. that was credited to the equity of the common stock.

Q. Oh, is all the common stock disposed of at the original issue? A. At the beginning, right.

Q. I do not see the preliminary part of this here that deals with the common stock. You have a subsidiary company, have you? A. Yes, sir.

Q. What is the name of it? A. Sherbrooke Land and Water Power Company, Limited.

Q. What does it do? A. It is Electric Power Company.

Q. Do you develop power for any other companies than yourselves? A. We sell surplus power to the City of Sherbrooke.

Q. You supply power to the City of Sherbrooke? A. Yes, sir.

Q. And this sibsidiary own all the common stock of this electric? A. The Patons own all the stock of that subsidiary.

ROBT. BRYDIE
Official Stenographer
Supreme Court
ONTARIO

Direct

Q. One thing about your answer I want to clear up: You suggested to His Lordship counsel was said at [illegible] Right, sir.

Q. That is not a fact in regard to the whole of the common stock, is it? A. There are only $50,000. worth sold at 75, I am sure? A. There are only 10,000 common shares.

Q. Well, you enlarge up in organization service $4,000. to common stock? A. That was the write-up on the plant of $4,000. that was credited to the equity of the common stock.

Q. Oh, is all the common stock disposed of at the original issue? A. At the beginning, right.

Q. I do not see the preliminary part of this case that deals with the common stock. You have a subsidiary company, have you? A. Yes, sir.

Q. What is the name of it? A. Shorbrooke Land and Water Power Company, Limited.

Q. What does it do? A. It is electric power company.

Q. Do you develop power for any other companies than yourselves? A. We sell surplus power to the city of Shorbrooke.

Q. You supply power to the city of Shorbrooke?

A. Yes, sir.

Q. And this subsidiary own all the common stock of this company? A. The Patons own all the [illegible] subsidiary.

Q. Well, is that the only company supplying water power to the City of Sherbrooke? A. The City of Sherbrooke I understand have their own power plants.

Q. I would like to get, if I can, for the purpose of the record, the actual value of this plant and machinery less the $4,000. write up. What was it you paid for it again? A. For the entire Company, do you mean?

Q. Yes? A. $1,200,000 and the buildings.

THE COMMISSIONER: Q. How is that divided up? A. $600,000 in bonds.

Q. No, I mean you were buying what - for instance, what did you pay for the machinery out of that?

. Approximately $600,000.

. And what is the rest for? A. Cash, accounts receivable, inventory.

Q. Goodwill? A. No good will.

MR. McRUER: Q. Did you buy from a syndicate or anything? A. No, we bought it from the Company themselves.

Q. By buying out the shares? A. We did. We made an offer to the Company, which was accepted, we offered them $200 a share and they had 6000 shares of stock.

. And have these same parties got control of the 6,000 shares of stock that they were able to speak for all shareholders? A. No, they had

Q. Well, is that the only company supplying water power to the City of Sherbrooke? A. The City of Sherbrooke I understand have their own power plants.

Q. I would like to get, if I can, for the purpose of the record, the actual value of this plant and machinery less the $4,000. write up. What was it you paid for it again? A. For the entire Company, do you mean?

Q. Yes? A. $1,800,000 and the buildings.

MR. COMMISSIONER: Q. How is that divided up?

A. $600,000 in bonds.

Q. No, I mean you were buying what - for instance what did you pay for the machinery out of that?

. And what is the rest for? A. Cash, accounts receivable, inventory.

. Goodwill? A. No good will.

MR. McLUAN: Q. Did you buy from a syndicate or anything? A. No, we bought it from the Company themselves.

. By buying out the shares? A. We did. We made an offer to the Company, which was accepted, we offered them $200 a share and they had 6000 shares of stock.

. And how these same parties got control of the 6,000 shares of stock that they were able to speak for all shareholders? A. No, they had

a general meeting of shareholders to approve of the sale.

Q. Have the shares got into the hands of one group? A. No, not that I know of.

Q. You don't know anything about it? A. No.

Q. So that you do not know how much may have been made in buying up stock from one group and selling it over to the new venture? A. No.

Q. Where are all the records of this previous Company ? A. I may have some of them in my office. What I would have would probably be at Sherbrooke.

Q. Then all the records of the previous company would be available? A. I could not tell you without enquiring.

Q. The Minutes of this company? A. I have some of the minute books of the old company as well.

Q. If you could just look those up I might have a look at them tomorrow. A. Yes.

BY MR. KELLOCK:

Q. Will you look at this Exhibit 783 again and my friend read to you a figure we will take for the year ending 30th April, 1932. The figure my friend read to you he said was net profit of $91,551.56- do you recall that figure. Can you turn it up in the return here?

MR. McRUER: It is on the analysis of Profit and Loss Account. Here it is.

meeting of shareholders to approve of the

Q. Have the shares got into the hands of one group?

A. No, not that I know of.

Q. You don't know anything about it? A. No.

Q. So that you do not know how much may have been done in buying up stock from one group and selling it over to the new venture? A. No.

Q. Where are all the records of this previous company? A. I may have some of them in my office. What I would have would probably be at Cherbrooke.

Q. Then all the records of the previous company would be available? A. I could not tell you without enquiring.

Q. If you could just look over [illegible] a look at them tomorrow. A. Yes.

Q. Will you look at this Exhibit 783 again and my friend read to you a figure we will take for the [illegible]. The figure [illegible] valued land to you he said was net profit of $61,381.36 - you really have figures. Can you turn it to

MR. KELLOCK: Have you got it? A. Yes.

Q. Do you see that figure? A. I do.

Q. $91,503.56? A. Right.

Q. Now, on Exhibit 783, the figure that is called net profit here is $2,203.63. Would you just show now the figure on Exhibit 683 is arrived at from the figure my friend read to you from that year.

MR. McRUER: That is not net profit at all, should not be called net profit. I say the figure on 783 ought not to be called net profit. It is the balance transferred ---

MR. KELLOCK: I agree but the exhibit says so and I want to trace the relationship ? A. In the year 1932, $91,553.56 to which there was added $19,068.01.

Q. What was that for? A. Income from investments, sundry revenues, which made a total of $110,621.50. From that there had to be deducted bond interest, $44,652. $103.79 allowance for income taxes, $4,393.13 for bad debts. $42,000 for preferred dividends, 1932 and that left then a net profit of $19,472.65, which was added to our surplus account.

Q. That is correct, when I said $2,200 I had slipped over to 1933. You have traced the relationship for 1932? A. Yes.

--

ROBT. BRYDIE
CERTIFIED STENOGRAPHIC
REPORTER
TORONTO - CANADA

MR. KELLOCK: Have you got it? A. Yes.

Q. Do you see that figure? A. I do.

Q. $91,503.867? A. Right.

Q. Now, on exhibit 788, the figure that is called net profits here is $[illegible]. Could you just show how the figure on exhibit 203 is arrived at from the figure my friend read to you from that year.

MR. MORDEN: That is not net profit at all, should not be called net profit. I say the figure on 788 [illegible] ---

MR. KELLOCK: I agree but the exhibit says so and I want to trace the relationship? A. In the year 1922, $91,838.86 to which there was added $[illegible].

Q. What was that for? A. [illegible]

investments, sundry revenues, which made a total of $110,821.30. From that there had to be deducted bond interest, $44,682. $109.74 allowance for income taxes, $4,388.18 for bad debts. $48,000 for preferred dividends, 1922 and that left then a net profit of $19,472.65, which was added to our surplus account.

Q. That is correct, when I said $2,200 I had slipped over to 1922. You have traced the [illegible] for 1922? A. Yes.

J.G. DODD, Recalled,

EXAMINED BY MR. KELLOCK:

Q. We were dealing with the situation which confronted the industry immediately prior to the arrangements covered by Exhibit 765 which are these price memos and you were telling his lordship that the industry at that time was in an unhealthy condition. Now, I want to refer you to two letters in exhibit 778 which my friend put in. The first one is a letter from you to Mr. Bellam, 28th of March, 1933 and the letter reads:

"I have your letter of the 25th instant and have been very much interested in reading the extracts attached to your letter relative to the Lancashire Cotton trade.

There is one principle which the author enunciates that I have always upheld, that is, that underselling does not gain anyone at any time or place, any additional business. It may temporarily benefit one concern, but it is a loss to another, and that is what I most seriously deplore in the Canadian Woollen and Worsted industry at the present time.

Since we had our original meeting to discuss this matter and try to bring Canadian Mills together, conditions have become worse - some of the mills are selling goods at prices at which they must be making a terrific loss. I have done what I could on behalf of our own Company

ROBT. BRYCE
CANADIAN STEAMSHIP
BROKER
TORONTO - CANADA

to try to better this condition, but apparently our efforts are not being met with in a sympathetic gesture by some of our members, they evidently prefer to go ahead and lose money rather than take steps to get the industry back to its proper place.

I wish to thank you for remembering to send these extracts to me."

THE COMMISSIONER: What is the date of that?

MR. KELLOCK: That is the 28th of March, 1933.

Q. Does that represent the situation at that time, Mr. Dodd? A. That must have been so or I would not have written that letter.

Q. I want also to refer you to another letter of yours to Mr. Hallam of the 18th of April, 1933, part of the same exhibit 778. It reads as follows:

"I received your confidential message of yesterday, that Mr. Hield seemed disinclined to attend the meeting. Without saying anything about your message, I telephoned Mr. Peterson, (who is Hield's Montreal agent) and asked him if Mr. Hield was going to be in Montreal real shortly. He said he had word that he did not expect to be here this week, but probably would next week. My idea was to have a personal talk with Mr. Hield to see if we could not get somewhere, because in the meantime it is ridiculous the way each Company is cutting one

I plan to thank you for remembering to send these extracts to me."

THE COMMISSIONER: What is the date of that?

MR. KELLOCK: That is the 30th of March, 1939.

Q. Does that represent the situation at that time, Mr. Healy?

A. [illegible]

I want also to refer you to another letter of yours to Mr. Bullen of the 10th of April, 1939, part of the same exhibit 778. It reads as follows:

"I received your confidential message of yesterday, that Mr. Field seemed disinclined to attend the meeting. Although saying anything about your message, I telephoned Mr. Peterson, (who is Field's Montreal agent) and asked him if Mr. Field was going to be in Montreal [illegible] shortly. He said he had word that he did not expect to be there this week, but probably would next week. My idea was to have a personal talk with Mr. Field to see if we could not get somewhere, because in the meantime it is [illegible] the way each Company is cutting one

another's heart out in the matter of competitive prices. Mr. Peterson himself told me their competition was coming from Barrymore; Barrymore in turn states it is coming from Hield."

Everybody been blaming the other, was that the situation? A. That was the situation then.

Q. The letter goes on:

"My own idea is, apart from what Mr.Hield does, for the rest of us, Barrymore and the others, to get together and arrange our prices, as unquestionably Hield will come in later. I do not see how we can arrive anywhere unless Barrymore, Dupont, and ourselves are willing to sacrifice some business to start with to bring about, later, a better price condition in the whole trade. We are quite willing to make this sacrifice in the hope of a better ending if others also are willing to do so, and exclude Mr. Hield from the arrangement unless he wants to come in. After all, he cannot do an awful lot of harm in the trade, and if he is losing money (as it is supposed he is) and he sees that we are determined in our stand, he undoubtedly will want to join with us.

Unless the other members of the Association are willing to do something of this kind, we will certainly never get anywhere but in the meantime constantly lower price levels will be reached without any gain either to the ultimate consumer

Unless the other members of the Association are willing to do something of this kind, we will

in our stand, he undoubtedly will want to join

trade, and if he is losing money (as it is

supposed he is) and he soon that we are determined

after all, he cannot do an awful lot of harm in the

arrangement unless he wants to come in.

willing to do so, and exclude Mr. Nield from the

hope of a better ending if others also are

are quite willing to make this sacrifice in the

a better price condition in the whole trade. We

business to start with to bring about, later,

import, and ourselves are willing to sacrifice some

see how we can survive any where unless Baltimore,

Unfortunately Nield will come in later. I do not

to get together and arrange our prices, as

does, for the rest of us, Baltimore and the others,

. The letter goes on:

"My own idea is, apart from what Mr. Nield

A. That was the situation then.

Everybody been fleecing the other, was that the situation

in turn states it is coming from Nield."

prices. Mr. Peterson himself told me their

another's heart out in the matter of competitive

or primary manufacturers."

Q. Does that represent the true situation as you saw it at that time, Mr. Dodd? A. It does.

Q. Now, did your company make goods which were not covered or mentioned in those memos as to prices? A. Yes.

Q. A substantial volume? A. Yes. They made yarn, dyed worsted, woollens, tweeds, certain blankets.

Q. Do you make those things in volume? A. Yes, quite a volume.

Q. Now, I just want to have you correctly, if my understanding is correct, a statement you made in one of your early answers to my friend. In speaking about Canadian Woollens and knit goods Association you spoke about the Silk Group. There is no Silk Group in the Canadian Woollen and Knit Goods Manufacturers Association, is there? Were you not referring to Primary Textile Institute? A. No, at least I thought there was a silk group. I know I remember making that answer and I really thought there was a silk group in that Association. Let me think it over. I believe now on further thought that there is a silk group but that it does not form part of the Canadian Woollen Knit Goods Association.

MR. McRUER: There is a Silk Association.

THE WITNESS: I did say to you that was part of the Woollen Association but I was wrong in that, but I think I did include this when you asked me who were

Q. Does that represent the true situation as you
[illegible] at that time, Mr. Dodge? A. It does.

Q. Now, did your company make contribution were not
covered or mentioned in those memos as to prices?

A. Yes.

Q. [illegible] yes. Many [illegible]
yarn, yarn material, medium, twenty, material [illegible].

Q. Do you make those things in volume? A. Yes,
[illegible] volume.

Q. Now, I just want to know your position, if my
understanding is correct, a statement you made in one
of your early answers to my friend. In speaking
[illegible] you spoke about the Silk Group. There is no Silk
Group in the Canadian Woollen and Knit Goods Manu-
facturers Association, is there? Were you
not referring to Primary Textile Institute? A. No,
at least I thought there was a silk group. I know I
remember making that answer and I really thought there
was a silk group in that association. Let me think
it over. I believe you are [illegible] that there
is a silk group but that it does not form part of
the Canadian Woollen Knit Goods Association.

MR. MONTER: There is a Silk Association.

THE WITNESS: I did say to you that was part of the
Woollen Association but I was wrong in that, but I
think I did include this when you asked me who were

ROBT. BRYDGE
CHIEF COURT STENOGRAPHER
TORONTO - CANADA

the members, I think I did include the Silk Association.

MR. KELLOCK: Q. I want to come to a letter of the 27th of December, 1932, which is part of Exhibit 763. You will recall that is the letter in which it is mentioned by you to Mr. Gallam something about having consulted Mr. McMichael about the legality of proposed price arrangement and he said something about section 498 of the Criminal Code. I -just want to ask you is the proposal which was put beforeMr. McMichael, was that the proposal which was carried out in the documents commencing in June 1923? A. No, entirely different thing.

Q. Was that ever gone on with? A. No.

MR. McRUER: He has no legal opinion on the present one?

MR. KELLOCK: Q. Then as part of that same exhibit 763 there was a letter of the 22nd of May, 1935, which referred to a pool for the purpose of handling mill seconds and that sort of thing. Now, was that ever gone on with? A. Never went on at all.

Q. Did not get beyond --- A. It was considered that it would not be workable and so we just dropped it. It was a proposal arising out of the fact that seconds and rejects were getting into the trade and had, of course, reduced prices and oftentimes were used as a price claim that so-and-so had bought goods cheaper than the existing prices at the time.

the members, I think I did inform the Silk Associa-

tion.

MR. KNELLER: Q. I want to come to a letter of the 27th of December, 1938, which is part of Exhibit 763. You will recall that is the letter in which it is mentioned by you to Mr. Nation something about having consulted Mr. Mollison about the legality of proposed price arrangement and he said something about section 498 of the Criminal Code. I just want to ask you is the proposal which was put before Mollison, was that the proposal which was carried out in the documents commencing in June 1939? A. No, entirely different thing.

Q. Was that ever gone on with? A. No.

MR. MORDEN: He has no legal opinion on the present

Q MR. KNELLER: Q. Then as part of that same exhibit 763 there was a letter of the 22nd of May, 1939, which referred to a pool for the purpose of handling mill seconds and that sort of thing. Now, was that ever gone on with? A. Never went on at all.

Q. Did not get beyond --- A. It was considered that it would not be workable and so we just dropped it. It was a proposal arising out of the fact that

ROBT. BRYDIE
CANADA

Q. May I have Exhibit 763, please. Then my friend put in a number of teletypes as part of this Exhibit 763, and among those documents there is a memo of the 16th of May, 1935. You refer to that in your letter of the 22nd of May to the Woollen & Knit Goods Association. Now, that memo consists of certain numbered paragraphs and number 2 is:

"That the understanding as to sample lengths to pieces forfancy piece or yarn dyes is as follows:

Mills will limit sample lengths to pieces to a ratio of five sample lengths to one piece. Sample of cloth as that of the piece ordered. Purchase of staple cloths and furnishing of sample lengths in fancies is not to be permitted. Mills will require clothing Manufacturers when ordering lengths to stipulate piece and delivery date."

Now, where did that come from? A. That came from a general meeting, combined meeting I should say, of the many clothing manufacturers in Toronto and Montreal. First of all, the first meeting was held in Toronto by Toronto Clothing manufacturers, agents for English Mills, and agents for Canadian Mills. There had been what they all considered abuses. Even the Clothing manufacturer admitted the fact they were asking and exacting too much from the mills by way of sample lengths, without ordering goods and they

Q. May I have Exhibit 765, please. Then my friend put in a number of tele types as part of this Exhibit 765, and among those documents there is a memo of the 16th of May, 1956. You refer to that in your letter of the 22nd of May to the Woollen & Knit Goods Association. Now, that memo consists of certain numbered paragraphs and number 2 is:

"That the understanding as to sample lengths to allowed factory plate or yarn dyes is as follows:

Mills will limit sample lengths to pieces to a ratio of five sample lengths to one piece. sample of cloth as that of the piece ordered. Purchase of staple cloths for furnishing of sample lengths in fancies is not to be permitted. Mills will require clothing Manufacturers when ordering lengths to stipulate piece and delivery date."

Now, where did that come from? A. That came from a general meeting, combined meeting I should say, of the many clothing manufacturers in Toronto and Montreal. First of all, the first meeting was held in January by Security Clothing Manufacturers, mainly for English Mills, and agents for Canadian Mills. There had been what they all considered abuses. Many the clothing manufacturer admitted the fact they were getting not receiving too much from the mills by way of sample lengths, without knowing quite yet that

felt for the benefit of the trade themselves, because it was some of the cheaper trade, lower trade --

THE COMMISSIONER: Q. What trade? A. The lower priced trade, who probably did not want to spend money in sample lengths that they were getting them from the mills in any quantity, oftentimes not ordering any pieces at all. The better clothiers did not do that, they ordered pieces and, if my memory is quite clear on that and it is fairly clear, that the request first of all came from some of the clothing manufacturers to the mills. The result of that was there was a meeting in Toronto and it was agreed then that, even among the English agents as they were concerned in this same thing as well, they were being requested for nothing but samples and no orders for pieces - I am speaking of fancy goods, not plain greys and blues - and they were anxious to see that abuse corrected. Well, later there was a similar meeting in Montreal with a similar result. That did last for a short time but I am sorry to say that even that step forward dropped off after a season or two and to-day they are practically back to the same condition that mills are forced to give sample lengths without proper sample pieces to back them up.

Q. Well, do I understand that that particular suggestion came from the clothiers themselves? A. Speaking from my memory I would say Yes because it came to me through somebody who told me those

ROBT. BRYDIE
CHARTERED SITE SURVEYOR
REGINA, SASK. - CANADA

felt for the benefit of the trade themselves, because it was some of the cheaper trade, lower trade --

THE COMMISSIONER: Q. What trade? A. The lower priced trade, who probably did not want to spend money in sample lengths that they were getting them from the mills in any quantity, oftentimes not ordering any pieces at all. The better clothiers did not do that, they ordered pieces and, if my memory is quite clear on that and it is fairly clear, that the request first of all came from some of the clothing manufacturers to the mills. The result of that was there was a meeting in Toronto and it was agreed then that, even among the English agents as they were concerned in this same thing as well, they were being requested for nothing but samples and no orders for pieces - I am speaking of fancy goods, not plain greys and blues - and they were anxious to see that abuse corrected. Well, later there was a similar meeting in Montreal with a similar result. That did last for a short time but I am sorry to say that even that step forward dropped off after a season or two and to-day they are practically back to the same condition that mills are forced to give sample lengths without proper sample pieces to book them up.

Q. Well, do I understand that that particular suggestion came from the clothiers themselves?

A. Speaking from my memory I would say Yes because it came to me through somebody who told me those

facts and I went to the Toronto meeting and that is what I would gather from that meeting because some of the clothiers were there and expressed e themselves openly that that was their wish.

Q. Now, coming to the price agreements themselves and the prices that were set out there, you have told his lordship, and the exhibits show, that immediately prior to that time there was, as letter itself says, quite sharp objection existed in the industry - can you say generally speaking how those prices which are mentioned in these documents from time to time compared with your cost or with what might be said to be a reasonable profit? A. In a great many instances I would have to go back to our cost sheets probably to prove this - I am speaking from memory, although we have looked back over some - and in a good many instances on blue serges, I won't say all - I do not think it applies so much to the piece dyed fancies although some of them were very close, but in blues and greys sometimes they were even below what we call our costs, so that we were selling goods during those periods, even on these arranged lists, at lower than our costs showed.

Q. One of your letters produced by Mr. Grimshaw yesterday said that you had suggested in trying to get Mr. Hield back into this discussion group that you did not care what the prices were that were fixed in the document so long as some prices were ~~fi~~ fixed?

A. I am not sure that was the exact wording, but it was the principle at any rate - there was a period I would have preferred to see any prices, prices within reason even although below our cost to bring about stabilization and uniform condition in the country. We were quite prepared to make that sacrifice to bring that condition about.

Q. I suppose that is from the standpoint of buyers' information and the question of this quite sharp competition? A. I cannot see - in fact some buyers have said so - I am not prepared to say they have all said so, that some have - that stabilized prices would suit them better than prices simply scattered about.

Q. Why would it suit better? A. Because a man buys a blue piece of serge and buys it at $1.50, prices are open, anybody can go in and quote what they like and somebody comes in and quotes him at $1.45 after he fixed this contract. Well, he is concerned because he knows if he could buy at $1.45 perhaps his competitor will buy it at $1.45 or $1.40 and therefore as long as the price is stabilized within reason, I know some of them did prefer to have that. I have not talked with them recently but in the early days I have.

Q. There are advantages then, from the standpoint of people who buy from you? A. I would think so. I am speaking on my own opinion now entirely.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

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buyers have said so - I am not prepared to say they
have all said so, that some have - that stabilized
prices would suit them better than prices simply
fluctuating around.

Q. Why would it suit better? A. Because
a man buys a pine piece of scrap and buys it at $1.50,
prices are open, anybody can go in and quote what they
like and somebody comes in and quotes him at $1.45
after he fixed this contract. Well, he is concerned
because he knows if he could buy at $1.40 perhaps
his competitor will buy it at $1.45 or $1.40 and
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reason, I know some of them did prefer to have that.
I have not talked with them recently but in the
early days I knew.

Q. There are advantages then, from the standpoint
of people who buy from you? A. I would think so.
I am speaking on my own opinion now entirely.

Q. Now, do you recall some correspondence which my friend put in with regard to certain proposed contracts for the supply of cloth to be used by contractors for making railway uniforms? A. Yes, sir

Q. And there was one referred to about the 11th of July, 1933. Did you supply ultimately the cloth for that particular contract, do you recall? A. I have not got it in my mind unless that is the one. Oh, I remember that is the one.

MR. McRUER: Yes, the 11th of July, 1933.

THE WITNESS: That is the same one.

MR. KELLOCK: Q. What do you say as to the profit which you made, if any - did you make a profit? A. Yes, we did make some.

Q. What do you say as to the profit? A. I would say that over and above what we call our cost we have figured that there should be at least 10% to cover other eventualities.

Q. That is over your cost---

MR. McRUER: No, he said over and above what we call our cost - he has used that expression three times.

THE WITNESS: What we do call our cost. What is our cost. We considered it the cost at any rate and we should get 10% to cover other eventualities.

MR. KELLOCK: Q. And what did you get in that particular case, do you recall? A. We got ~~two~~ 2.45 if I recall. I think that is the correct price.

ROBT. BRYDIE
CHANCERY STENOGRAPHIC
REPORTER
TORONTO - CANADA

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July, 1932. Did you supply willingly the cloth
for that particular contract, do you recall?
A. I have not got it in my mind unless that is the
one. Oh, I remember that is the one.
MR. MONROE: Yes, the 11th of July, 1932.
THE WITNESS: That is the same one.
MR. MONROE: Q. What do you say as to the
profit which you made, if any - did you make a profit
. Yes, as you have stated.
Q. What do you say as to the profit? A. I would
say that over and above what we call our cost we have
figured that there should be at least 10% to cover
other eventualities.
- Some if over that --
MR. MONROE: No, he said over and above what
we call our cost - he has used that expression three
times.
THE WITNESS: What we do call our cost. What is
our cost. We considered it the cost at any rate
and we should get 10% to cover other eventualities.
MR. KELLOCK: Q. And what did you get in that
particular case, do you recall? A. We got the
same if I recall. I think that is the

Q. What kind of profit did you get on it? Did you get more or less than your 10%, do you recall? A. Well, I must answer that by saying that I know what we did get.

Q. What did you get? A. We got approximately 10% over our cost.

Q. Now, in that figure which you say you call your cost, as my friend refers to, does that include all items of expense? A. No, it does not.

Q. What does it not include?

MR. McRUER: Has he got the cost sheet as of this date?

THE WITNESS: Yes, we have.

Let us see it, - as of the date of this transaction? A. Yes, I have.

Q. The cost of this particular cloth? A. Yes.

MR. KELLOCK: You made a memo of the items of cost that were not in that. Will you tell his lordship ---

THE COMMISSIONER: Just a moment - I think you had better tell us what he does call his cloth, Give it to us affirmatively.

MR. KELLOCK: It will have to be done both ways.

THE COMMISSIONER: Yes, begin by telling us what the cost is.

MR. KELLOCK: Q. Will you tell his lordship what the figure is which you say you call your cost? A. Which goes to make up our cost?

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

Q. Yes, items that go to make up out costs?

A. There is memo ---

MR. McRUER: That is not it at all. That is not cost sheet.

THE COMMISSIONER: Well, the witness is there under oath.

MR. KELLOCK: My friend is not giving the evidence.

MR. McRUER: My friend is putting before him a set of general items but it has not the cost in it.

MR. KELLOCK: All right.

THE WITNESS: I am just attempting to give the items which go to make up our costs.

Q. That is all I am asking you for? A. And these are provided to me by our Cost Department. They are not my own.

THE COMMISSIONER: Q. You say these are the items which has reference to this contract where you said you made about 10% profit? A. Yes, these would be the items that would be used to arrive at the cost of that particular contract?

MR. KELLOCK: Q. Give his lordship those items? A. There is fire insurance.

THE COMMISSIONER: Q. On what? A. On the plant and all machinery there is.

Q. Does that just mean the premium paid for fire insurance? A. Yes, just premium we pay. There is the liability insurance, that is ---

Q. What does that mean?

MR. McRUER: Insurance against loss through operations, suspension of operations.

THE WITNESS: No, Workmen's Compensation. Then there are taxes, that is, general taxes on the mill. There is ---

THE COMMISSIONER: Q. That is just the taxes on the mill? A. Yes, whatever tax we pay to the City of Sherbrooke.

MR. KELLOCK: Yes.

Q. Then there are general expenses?

Q. What does that include? A. It would contain general office expenses for Montreal, Toronto, Winnipeg, Vancouver, Stationery, telephone, and other general office expenses. Then there was bond interest and there would be preferred stock interest. No common dividend as we have not paid it, that is is not included in the costs I will give you. Then there is depreciation, of which we endeavoured to get our full depreciation but as, according to our sheets we have shown , we have not excepting I believe in one year been able to obtain it. Those go tomake up and apart then from the raw material and wages and other things.

THE COMMISSIONER: Q. Give it to us all? A. I think that would include the whole thing - raw material and wages, that would include the help and all wages of overseers at the mill.

Q. Then there are other things which Mr. Kellock

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CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

there are taxes, that is, general taxes on the mill.

There is ---

THE COMMISSIONER: Q. That is just the taxes on the mill? A. Yes, whatever tax we pay to the City of Sherbrooke.

MR. KELLOCK: Q.

A. Then there are general expenses.

contain general office expenses for Montreal, Toronto, Chicago, Vancouver, Halifax, Sydney, and every general office expenses. Then there was bond interest and there would be preferred stock interest. No common dividend as we have not paid it, that is not included in the costs I will give you. Then there is depreciation, of which we endeavoured to get our full depreciation but as, according to our sheets we have shown, we have not except that I believe in one year been able to obtain it. Those do comprise up and apart then from the raw material and wages and other things.

THE COMMISSIONER: Q. Give it to us all?

A. I think that would include the whole thing - raw material and wages, that would include the help and all wages of overseers at the mill.

Q. Then there are other things which Mr. Kellock

says you might hwe included but have not included as part of your cost.

MR. KELLOCK: Might I just complete the list that is in. I wanted to ask the witness in regard to depreciation.

Q. The item for depreciation in your costing does that cover only the depreciation that you are actually able to set aside? A. No, we put into our costs what we figure is our full depreciation, what it ought to be.

Q. But you have not been able to set aside --- A. We have not been able to set aside what we think is sufficient.

MR. McRUER: On the appraised value.

MR. KELLOCK: Please, we have heard enough about that.

THE WITNESS: I do not know about that.

Q. Will you tell his lordship the items which are not in your cost which are things that must be taken into consideration? A. There are mill seconds. I will describe it by goods that come through that are inferior to standard qualities and have to be sold at a reduction.

Q. You mean to say that cost as much to produce as the first value? A. Yes.

Q. But they have to be sold because more or less damaged. A. Been damaged in some way, well, through accident or various ways coming through the

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says you might have included but have not included as part of your cost.

MR. MILLER: Might I just possibly see the list that is in. I wanted to ask the witness in regard to depreciation.

Q. The item for depreciation in your costing does that cover only the depreciation that you are actually able to set aside? A. No, we put into our costs what we figure is our full depreciation, what it ought to be.

Q. But you have not been able to set aside ---

A. We have not been able to set aside what we think is sufficient.

MR. YOUNG: On the appraised value.

MR. ELLIOTT: I guess, we have heard enough about that.

Q. Will you tell him forthwith the items which are not in your cost which are things that must be taken into consideration? A. There are still economs. I will describe it by goods that come

as the first value? A. Yes.

Q. But they have to be sold because ---

mill, accidental or otherwise. We cannot include anything in our costs on those things because we do not know during the season how many seconds loss we are going to sustain on them.

Q. Loss on seconds and sub-standard goods? A. Yes. Then rejects by customers.

Q. What does that mean? A. Thatmeans that goods which we have made for customers and we considered them as firsts but when they reached them the colour may be a bit off or there may be a streak which we would not consider is detrimental to the use of the goods but the customer does. They return them as not being perfect goods and we have to put them back into stock and sell them as imperfect goods.

THE COMMISSIONER: Q. They form part of your seconds? A. Not in the sense --- because we make seconds on our own accord which we put aside.

Q. You told me in the beginning you are charging here your loss on seconds - that is, goods which you intended to be firsts? A. I am just coming to the finish of this. Those rejects, instead of getting them back into our mill, we would prefer, if we believe the customer's complaint is justified, to allow him a concession on them.

Q. You sell them to him as seconds? A. Perhaps we do not in many cases allow him as much on those goods as we would on real piece seconds. We negotiate with him and see just what the damage is and we would

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prefer him to keep the goods rather than send them back.

MR KELLOCK: Q. The point is you do not get your price for first-quality goods? A. No.

Q. Anything else? A. Then there is what we call the string allowance. That is a trade expression. It means if in going through, a piece of goods being manufactured, that there is an oil stain drops here and probably a little slub on here and another little damage further on. They are not sufficient to cause that piece of goods to be a piece of seconds. A string is put in opposite each damage and 1/8th of a yard is allowed on that piece for that damage.

Q. To the purchaser? A. Yes. We are allowed up to six strings before a piece becomes either seconds or bad piece of goods.

Q. Well, you get a lesser price per yard? A. Well, we lose, if we have eight strings, we lose a 6/8th of a yard on that piece of cloth. Then there is shrinkage allowance. When a piece of goods are made ~~there~~ they are sent to a shrinker and a piece of goods 56 inches wide should not shrink below 54. If it shrinks below 54 inches, the cutter has to put either a new one or just use up more cloth than he otherwise would and we have no control over that because we don't do the shrinking. They are independent shrinkers, the cloth is sent to and

prefer him to keep the goods rather than send them back.

MR. KILLOCK: Q. The point is you do not get your price for first-quality goods? A. No.

Q. Anything else? A. Then there is what we call the spring allowance. That is a trade expression. It means if in going through a piece of goods being manufactured, that there is an oil stain drops here and probably a little slub on here and another little damage further on. They are not sufficient to cause that piece of goods to be a piece of seconds. A strip is put in opposite each damage and 1/8th of a yard is allowed on that piece for that damage.

Q. Is the purchaser? A. Yes. We are allowed up to six stripes before a piece becomes either seconds or bad piece of goods.

Q. Well, you get a lesser price per yard? A. Well, we lose, if we have eight stripes, we lose a 8/8th of a yard on that piece of cloth. Then there is shrinkage allowance. When a piece of goods are made these they are sent to a finisher and a piece of goods 36 inches wide should not shrink below 34. If it shrinks below 34 inches, the cutter has to put either a new one or just use up more cloth than he otherwise would and we have no control over that because we don't do the shrinking. They are [illegible] shrinkers, the cloth is sent to and

unfortunately that means quite an allowance when that occurs. They figure 10% of value on piece of goods.

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In addition to that there is advertising. There are labels and tickets which we have to provide for the goods.

There is another item which is at times a serious one, and that is surplus stock clearings.

THE COMMISSIONER: I do not understand.

THE WITNESS: That is where we have to clear out stock. Unfortunately we are not always able to tell whether any design we make in fancy goods is going to be liked by our customers, and in a year we may make a number of different patterns which may not become popular, and we have to clean them out. There has been no provision made for them in the original costing. We never know what that is going to amount to, and so we have to have something to cover that and these other items.

BY MR. KELLOCK: Are these real factors that you have to contend with? A. They are real items that we have to contend with.

Q. Is there any other item? A. The only other item is the one we have spoken of previously, and that is a thing we cannot estimate for. It is the matter of contracts that are not specified at the price for which they were constructed.

Q. Unspecified contracts? A. Yes. We have to write them down to a new level according to the price of the raw material.

BY THE COMMISSIONER: Q. Is that all, Mr. Dodd? A. That is all the items, Your Lordship.

THE COMMISSIONER: Then we will now adjourn.

-- Adjourned at 5.10 p.m., to resume tomorrow at 10 o'clock a.m., Friday, October 30th, 1936.

ROBT. BRYDIE

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

SEVENTY-NINTH DAY

(October 30, 1936)

Robert Brydie,
Official Reporter.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel,
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Company.
S.G. Dixon, K.C.	For Courtaulds, Limited.
L.A. Forsyth, K.C.	For Canadian Celanese Ltd. and Canadian Silk Products Limited.

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Montreal, P.Q.,
Friday, October 30, 1936.

-- The Commission resumed at 10 A.M.

J. G. DODD, Examination resumed.

MR. KELLOCK: My lord, I should like to put in as part of Exhibit 762, which your lordship will remember is the graph as to the prices of tops, a table based on that graph showing the same thing in pence.

THE COMMISSIONER: You wish to put it in as part of --

MR. KELLOCK: Part of the same Exhibit, my lord.

THE COMMISSIONER: I understand it is a table, you say.

MR. KELLOCK: Yes, it is a table, my lord, based on the same graph in pence.

THE COMMISSIONER: In what ?

MR. KELLOCK: In pence.

MR. McRUER: I thought the graph was in pence.

MR. KELLOCK: It is, but in place of looking at the picture --

MR. McRUER: Oh, I see, it is a table taken from it.

MR. KELLOCK: Yes. Mr. Dodd, in connection with Exhibit 764 part of that Exhibit is a letter of January 2nd, 1934 from you to Mr. Hallam .

THE COMMISSIONER: What is the date ?

MR. KELLOCK: The 2nd of January, 1934.

THE COMMISSIONER: What is it, a letter from --

-- the Commission resumed at 10 a.m.

J. C. MUIR, Examination resumed.

MR. CHILCOX: My Lord, I should like to put in as part of Exhibit 768, which your lordship will remember is the graph as to the prices of tops, a table based on that graph showing the same thing in pence.

THE COMMISSIONER: You wish to put it in as part of --

MR. CHILCOX: Yes, it is a table, my Lord, based on the same graph in pence.

THE COMMISSIONER: In what ?

MR. CHILCOX: In pence.

MR. MORTON: I thought the graph was in pence.

MR. CHILCOX: It is, but in place of looking at the picture --

MR. MORTON: Oh, I see, it is a table taken from it.

MR. CHILCOX: Yes. Mr. Dowd, in connection with Exhibit 764 part of that Exhibit is a letter of January 2nd, 1924 from you to Mr. Mellam .

THE COMMISSIONER: What is the date ?

MR. CHILCOX: The 2nd of January, 1924.

THE COMMISSIONER: What is it, a letter from --

MR. KELLOCK: A letter from the witness to Mr. Hallam, and it refers to an increase of 5 cents over the minimum prices mentioned in the document set out in Exhibit 785, for the purpose of general trade. What does that refer to, Mr. Dodd? A. These prices that the group made were known as minimum prices and in selling to the general trade we should put an advance over that of 5, 10, what anybody liked.

Q. To what extent did sales to the general trade compare with sales at the minimum prices? A. Sales to the general trade at the higher prices would be less than the prices -- than the sales at the minimum prices. I cannot tell you to what extent. I think it would be under 50-50 though.

Q. You think it would be under 50-50?

THE COMMISSIONER: Tell me what is meant by the general trade?

BY MR. KELLOCK: Q. What do you mean by sales to the general trade? A. The general trade is in our description of it apart from contracts --

BY THE COMMISSIONER: Q. Apart from what? A. From contracts; we make contracts with firms.

Q. For future delivery? A. For future deliveries; when some firm is in a hurry for goods they will pay us an advance of 5 or 10 cents for quick delivery, or probably there are certain other types of trade that are not qualified either by credit or otherwise for getting large contracts booked and they would pay at the increased price.

Q. Cash and carry? A. Cash and carry, as

MR. KERLOCK: A letter from the witness to Mr. Mallen, and it refers to an increase of 5 cents over the minimum prices mentioned in the document set out in Exhibit 765, for the purpose of general trade. What does that refer to, Mr. Dodge? A. Those prices that the group made were known as minimum prices and in selling to the general trade we should put an additional cent per lb. over those prices.

Q. To what extent did sales to the General trade compare with sales at the minimum prices?

A. Sales to the general trade at the higher prices would be less than the prices -- than the sales at the minimum prices. I cannot tell you to what extent. I think it would be under 30-40 though.

Q. You think it would be under 30-40?

THE COMMISSIONER: Tell me what is meant by the general trade?

BY MR. KERLOCK: Q. What do you mean by sales to the general trade? A. The general trade is [illegible]

A. From contracts; we make contracts with firms.

Q. For future delivery? A. For future deliveries; when some firm is in a hurry for goods they will pay us an advance of 5 or 10 cents for quick delivery, or probably there are certain other types of trade that are not qualified either by credit or otherwise for getting large contracts booked and they would pay at the increased rates.

Q. Dash and carry? A. Cash and carry,

it were, your lordship.

BY MR. KELLOCK: Q. Does that mean really smaller lots ? A. Yes, people who do not buy in 50 or 75 or 100 piece lots but buy in 5's or even 1's or 2's.

Q. So that purchasers who bought the larger orders received the minimum price and the smaller orders the advance? A. The advance, yes.

Q. Then, my friend in connection with Exhibit 768 read a letter from Mr. Hallam to you of the 31st of December, 1935 which contained a suggestion as to a guarantee against a change in tariff which might come about that year. That is, the suggestion was there should be some clause in the contract which would guarantee you, the mills, as against any change in tariff which might take place ? A. Yes, I remember that.

THE COMMISSIONER: Some clause in the contract, what contract ?

MR KELLOCK: The suggestion, my lord, was in connection with sales to purchasers from the mills that there should be a clause in each contract protecting the mill against any change in tariff which might come about.

THE COMMISSIONER: That is in the way of price ?

MR. KELLOCK: Yes, my lord. I wanted to ask you, Mr. Dodd, whether that suggestion ever got beyond the stage of being a suggestion ? A. No, it never passed beyond a suggestion, rather, as far as we are concerned. I don't know what any other person done because we did not discuss that any further. Whether the others ever booked contracts under that condition

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lots ? A. Yes, people who do not buy in 50 or 75 or 100 place lots but buy in 5's or even 1's or 2's.

Q. So that purchasers who bought the larger or-
ders received the minimum price and the smaller orders the advance? A. The advance, yes.

Q. Then, my friend in connection with Exhibit 758 read a letter from Mr. H.Allan to you of the 31st of December, 1908 which contained a suggestion as to a guarantee against a change in tariff which might come about that year. That is, the suggestion was there should be some clause in the contract which would guarantee you, the mills, as against any change in tariff which might take place ? A. Yes, I remember that.

THE COMMISSIONER: Some clause in the contract.

MR. KELLOCK: The suggestion, my lord, was in connection with sales to purchasers from the mills that there should be a clause in each contract protecting the mill against any change in tariff which might come about.

THE COMMISSIONER: That is in the way of price ?

MR. KELLOCK: Yes, my lord. I wanted to ask you, Mr. Dodd, whether that suggestion ever got beyond the stage of being a suggestion ? A. No, it never passed beyond a discussion between, as far as we

I really don't know.

Q. Then, may I have Exhibit 770, please. Then, the discussions which took place from time to time during the time that the memoranda, exhibit 765, were in force, the discussions which you had about new prices from time to time, were they for a purpose of a new document of the same kind ? A. At times we discussed and made no changes of prices.

Q. Any discussions you had were either for the purpose of changing or allowing the price to remain the same, and if there was a change would that mean a new document of the same character ? A. Yes, that would mean a new document.

Q. Then, my friend read a letter which is part of Exhibit 771, a letter from you to Mr. Craig of the Barrymore Company of the 6th of August, 1934. That letter in the first paragraph reads :

> "I have your letter of the 2nd instant, and you may be sure that our telephone conversation from Major Hallam's office the same day was as much a surprise to me as evidently our action in reducing price of Fancy Piece Dyes was to you. You can be further assured that I would be the last person in our Association to put out any revised downward prices without it first being sanctioned and agreed to by the entire Association."

Now, Mr. Dodd, what is referred to by that phrase "the entire Association" ? A. The total number of firms who were in our group and who had an understanding

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with Mr. Hallam.

Q. Then it refers to this group and not to the Woollen and Knit Goods Association ? A. No, that is purely to our own group.

Q. Now, we have had some evidence as to mills that were not discussing prices in this group. Can you tell his lordship in addition to any that have been mentioned any others that were not discussing prices in the group? A. I believe you have got the memorandum there.

THE COMMISSIONER: Please repeat that question ?

MR. KELLOCK: The question was as to mills that did not discuss prices with this group.

THE COMMISSIONER: That is, did not become part of the group ?

MR. KELLOCK: Yes, my lord.

THE WITNESS: During the first part there were more than remained ultimately.

BY THE COMMISSIONER: Q. There were what ? A. There were more in the group than finally resulted. In other words, some of them dropped out.

BY MR. McRUER: Q. You are giving the names of those that were in at the start ? A. I will give those if you want them.

Q. I think it would be useful if we had them ? A. At the start there was Dominion Woollens, Barrymore Cloth Company, Dupont Textiles, Paton Manufacturing, Hield Brothers and St.Johns Textiles.

Q. Is that five ? A. Six, I think it should be.

BY THE COMMISSIONER: Q. Would you read them to me again ? A. Dominion Woollens, Barrymore Cloth

Q. Then it refers to this group and not to the Woollen and Knit Goods Association ? A. No, that is merely to the new group.

Q. Now, on page two of the memorandum it says that were not discussing prices in this group. Can you tell me why there is any reference to prices in this memorandum if his jurisdiction in addition to any that have been mentioned any others that were not discussing prices in the group ?

A. I believe you have got the memorandum there.

THE COMMISSIONER: Please repeat that question.

MR. [illegible]: The question was as to wills that did not discuss prices with this group.

THE [illegible]: That is, did not become part of the group ?

MR. [illegible]: Yes, my lord.

THE [illegible]: During the first part there were more than required ultimately.

BY THE [illegible]: Q. There were what ?

A. There were more in the group than finally remained. In other words, some of them dropped out.

BY MR. [illegible]: Q. You are giving the names of those that were in at the start ? A. I will give them if you want them.

Q. I think it would be useful if we had them ?

A. At the start there was Dominion Woollens, Barrymore Cloth Company, Dupont Textiles, Paton Manufacturing, Mayfield Brothers and St.Johns Textiles.

Q. Is that five ? A. Six, I think it should be.

Company, Dupont Textiles, Paton Manufacturing Company, Hield Brothers and St. Johns Textiles.

BY MR. KELLOCK: Q. Then, those that were not in ? A. Those that were not in -- I am speaking now -- I want to make it clear I am not including in here woollen companies who were woollen companies only, that is, who only manufacture woollen goods because they did not come in. In fact, there was never any woollen arrangement at all. These are entirely firms who make worsted goods.

BY MR. McRUER: Q. They were making competing goods with those goods on which there was a price arrangement ? A. Yes, in part that was, Mr. McRuer. For instance, the Rosamond Woollen Company is one and they make both woollens and worsteds, but I cannot tell you to what extent of each. Those not in were the Rosamond Woollen Company, National Textile, A.Shackleton, Downs Coulter and Leach Textile. There were five; I think that is correct.

BY MR. KELLOCK: Q. With regard to the last one you mentioned the Leach Company, Exhibit 770 which is a letter from you to Mr. Hallam of the 13th of July, 1934, indicates that the Leach Company was going to observe the minimum prices at that time ? A.Correct; they had agreed, Mr. Maughan had agreed to do that but they were never actually a member of this group.

Q. I see that as part of Exhibit 767 there is a letter from you -- from Mr. Cooke to you of the 4th of May, 1935 -- that is not Leach, is it ? A. No, that is not Leach.

[illegible] Textiles and St. Johns Textiles.

MR. MR. MACLOCK: Q. Then, those that were not in? [illegible] Those that were not in -- I am speaking now -- [illegible] want to make it clear I am not including in here [illegible] woollen companies who were woollen companies only, that is, who only manufacture woollen goods because [illegible] who make worsted goods.

BY MR. MACLOCK: Q. They were making competing goods with those goods on which there was a price ceiling instance, the Rosamond Woollen Company is one and they make both woollens and worsteds, but I cannot tell you to what extent of each. Those not in were the [illegible] Downa Coulter and Lemon Textile. There were five; I think that is correct.

BY MR. MACLOCK: Q. With regard to the last one [illegible] A. Yes, Mr. Maclock was going to [illegible] they had agreed, Mr. Maclock had agreed to do that but [illegible] Q. I see that as part of Exhibit 707 there is a [illegible] May, that we want is not Lemon, is it? A. No, the [illegible] not Lemon.

Q. St. John ? A. St. John is a separate firm.

Q. They were not in ?- A. They were not in at one time but later on they were.

Q. I should correct that, my lord, this last letter does not refer to Leach. It refers to St.Johns Textile and it says with regard to St. Johns Textiles-

"We note that they would not tell you what prices they were making on piece Dyed Fancies. In other words, they are selling at any price they like. I may say I discovered this many weeks ago and reported the mattor to Major Hallam who apparently was unable to get any reply from them for over a month. The reply that we get now is an acknowledgement that they sell at any price they like covered with the usual statement that they have lowered their prices because some one else has already done so."

BY MR. McRUER: Q. That is Piece Dyed Fancies ? A. Yes.

THE COMMISSIONER: What is the date of it ?

MR. KELLOCK: The 4th of May, 1935. The inquiry was as to piece dyed fancies and the statement was they sell at any price they like ? A. At that time St. Johns Textiles were not considered in the group. They had many things they had done that did not appear to us to be right and we just did not consider them as one of us. That is fair enough, isn't it, Mr. McRuer ?

MR. McRUER: That is very fair.

BY THE COMMISSIONER: Q. What is that ? A. They had done so many things we did not consider they were one of us.

BY MR. KELLOCK: Q. Mr. Dodd, so far as the mills that you did consider from time to time as one of you to what extent were the undertakings about minimum prices lived up to ? A. I think they lived up to them almost to 100 per cent.

Q. Until what time ? A. Until sometime in 1934, when Hield dropped out. I am sorry, but I am unable to tell you that date. I have looked to see if there is any record and I cannot find a definite record.

Q. I think you explained yesterday what the situation was after that time ? A. I think it was some time previous to August, 1934 but I cannot tell you the exact date. After that it was considered that any member of this group could sell -- while we continued to make these memorandums it was considered that any member of the group could lower his prices, but that he should report it to Major Hallam who would in turn report it to the other members.

Q. Yes, that is already covered. Now, there is another matter in this letter of the 6th of August, 1934.

THE COMMISSIONER: What is this now ?

MR. KELLOCK: Another letter of the 6th of August, 1934, part of Exhibit 771, which is a letter from Mr. Dodd to Mr. Craig, and that is the discussion, Mr. Dodd, about changing weights of the cloth from 13 Oz. to 12 3/4 and that sort of thing. What is the objection, or what was your objection ? What is the basis of your objection to changing the weights of

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Q. Mr. [illegible]: Mr. Dodd, so far as the w[illegible] that you did consider from time to time as one of you[illegible] to what extent were the undertakings about minimum prices lived up to ? A. I think they lived up them almost to 100 per cent.

Q. Until when ? A. Until [illegible] 1934, when Mield dropped out. I am sorry, but I am unable to tell you that date. I have looked to see if there is any record and I cannot find a definite record.

Q. I think you explained yesterday what the situation was after that time ? A. I think it was some time previous to August, 1934 but I cannot tell you the exact date. After that it was considered that any member of this group could sell [illegible] that any member of the group could lower his prices, but that he should report it to Major Bulman who would in turn report it to the other members.

Q. Yes, that is already covered. Now, there is [illegible] 1942.

THE COMMISSIONER: What is this now ?

MR. KELLOCK: Another letter of the 6th of August, 1934, part of Exhibit 771, which is a letter from Mr. Dodd to Mr. Greig, and that is the discussion, Mr. Dodd, about changing weights of the cloth from [illegible] to [illegible] and of course, it is a question, or what was your objection ? What is the [illegible] in changing the weights of

the cloth in that way ? A. Well, if there was going to be an understanding as to minimum price then of necessity there must be an understanding as to definite standard weights because if one man sold 13 Oz. at say a standard price of $1.50 and another man sold 13 1/2 Oz. at $1.50 then the 13 1/2 Oz. firm would have the advantage, naturally. So that we also, in addition to this discussion of prices, we also on these lines had standards of weight.

Q. Would it always be apparent to the purchaser that there was that difference in the cloth ?

A. Yes, there is a tolerance. The tolerance, as I mentioned yesterday is 1/2 an ounce. 13 Oz. cloth can run from 12 3/4 to 13 1/4 Ozs. On the otherhand, if we made 12 3/4 Oz. the standard, your tolerance would run as low as 12 1/2 to 13. There again the man who was living up to the standard of the 13 Oz., he would be at a disadvantage.

Q. That is all, thank you.

BY MR. McRUER: Q. Just a word or two, Mr.Dodd; I judge then, from what you said to Mr. Kellock,that after Hield dropped out of the arrangement there was more competition among the mills ? A. In certain lines that is so.

Q. They had to come down to meet Hield's price? A. They had the opportunity to come down, Mr. McRuer. Sometimes they did not do it, I will admit.

Q. He gave them the opportunity to come down ? A. He gave them the opportunity to come down, yes, you are quite right.

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CHARTERED ACCOUNTANT, ETC.
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the cloth in that way ? A. Well, if there was of necessity there must be an understanding as to definite standard weights because if one man sold 13 Oz. at say a standard price of $1.50 and another man sold 13 1/2 Oz. at $1.50 then the 13 1/2 Oz. firm would have the advantage, naturally. So that we also, in addition to this discussion of prices, we also on these lines had standards of weight.

Q. Would it always be apparent to the purchaser that there was that difference in the cloth ?

A. Yes, there is a tolerance. The tolerance, as I mentioned yesterday is 1/2 an ounce. 13 Oz. cloth can run from 12 3/4 to 13 1/4 Ozs. On the otherhand, if we made 12 3/4 Oz. the standard, your tolerance would run as low as 12 1/2 to 13. There again the man who was living up to the standard of the 13 Oz., he would be at a disadvantage.

Q. That is all, thank you.

BY MR. McHUGH: Q. Just a word or two, Mr.Dodd; I judge then, from what you said to Mr. Kellock, that after Hield dropped out of the arrangement there was more competition among the mills ? A. In certain lines that is so.

Q. They had to come down to meet Hield's prices?

A. They had the opportunity to come down, Mr. McHugh.

Q. He gave them the opportunity to come down ?

A. He gave them the opportunity to come down, yes.

Q And could you tell me about -- well, I don't want to ask you openly, Mr. Dodd, if there is any objection to it, but my question is what the profit per yard would be on the type of cloths, these blue serges and grey serges ? A. I would have to have that worked out. During the period, you mean --

Q. Just running along at these times, about what you were shooting at per yard ? A. Well, I have a memorandum here. I can give you some idea but I would not like to say definitely. I might explain this to you. I think you have a copy of this, Mr.Kellock.

MR. KELLOCK: Yes.

BY MR.McRUER: Q. Is this your cost sheet ? A. No, this is not our cost sheet. It is just a memorandum. I have taken certain cloths, for instance, here is 4562, which is a blue serge. Here is our cost built up as I explained yesterday with certain figures in it. Now, this was the selling price based on this memorandum at the periods that we made these things. So that would give you -- I think that is about as close as I can come to giving you an idea what these profits were. You notice sometimes we had a small profit and other times we were at our costs or below our cost.

Q. But this per yard, is it ? A. Yes. And the cost is per yard.

Q. Now, have you got the detail of how these costs are made up ? A. You remember yesterday you asked me for a certain cloth, #556. We have this this morning and Mr. Davies, our cost man in Montreal,

Q. And could you tell me about -- well, I don't want to ask you exactly, Mr. Dodd, if there is objection to it, but my question is what the profit per yard would be on the type of cloths, these blue serges and grey serges ? A. I would have to have

Q. Now, during the meeting, you made -

You were shooting at par Yard ? A. Well, I have a memorandum here. I can give you some idea but I would not like to say definitely. I might explain this to you. I think you have a copy of this, Mr.Kellock.

MR. KELLOCK: Yes.

BY Mr.Woodcock: Q. Is this your coat sheet ?

A. No, this is not our coat sheet. It is just a memorandum. I have taken certain cloths, for instance, here is 4502, which is a blue serge. Here is our cost built up as I explained yesterday with certain figures in it. Now, this was the selling price based on this memorandum at the periods that we made those things. So that would give you -- I think that is about as close as I can come to giving you an idea what those profits were. You notice sometimes we had a small profit and other times we were at our cost or below our cost.

Q. But that was what, in ? A. That was the

will explain it to you as he knows it a bit better than I do, how he bases these costs.

Q. It seems sometimes that the amount that is shown -- the selling price is under and sometimes it is over ? A. That is right.

Q. What is shown as your cost price ? A. Yes.

Q. But in your cost price is included something for profit and depreciation and so on ? A. And depreciation, yes.

Q. And the depreciation will be reckoned on the valuation of the plant put on by the appraiser company? A. Well, the depreciation, as explained last night, was put on there by the Appraiser Company.

MR.KELLOCK: The items of cost that are in that and that are down there are those that were explained by the witness yesterday.

THE COMMISSIONER: Yes, I have them here.

THE WITNESS: I did give a memorandum of what our costs contained, and also a memorandum of what our costs do not contain but which we had to earn to be able to maintain ourselves as a going company.

THE COMMISSIONER: Pardon me, is the depreciation run down on a fixed percentage every year ?

MR.McRUER: There was one year it was $64,000. It was usually $25,000. They run along at $25,000. but this one year it was $64,000. and another year $50,000. Outside of that I think it was $25,000. each year.

THE WITNESS: There are four different cloths there, I think, Mr. McRuer.

will explain it to you, as he knows it a bit better than I do, how he bases those costs.

It seems sometimes that the amount that is shown -- the selling price is under and sometimes it is over ? A. That is right.

Q. What is shown as your cost price ? A. Yes. But in your cost price is included somethings for profit and depreciation and so on ? A. And depreciation, yes.

Q. And the depreciation will be reckoned on the valuation of the plant put on by the appraiser company A. Well, the depreciation, as explained last night, was put on there by the appraiser Company.

MR. GIBSON: The items of cost that are in that and that are down there are those that were explained by the witness yesterday.

THE COMMISSIONER: Yes, I have them here.

THE WITNESS: I did give a memorandum of what our costs consisted, and also a memorandum of what our costs do not contain but which we had to earn to be able to maintain ourselves as a going company.

THE COMMISSIONER: Pardon me, in the depreciation run down on a fixed percentage every year ?

MR. MORROW: There was one year it was $64,000. It was usually $85,000. They run along at $85,000. but this one year it was $64,000, and another year $60,000. Outside of that I think it was $85,000. each year.

MR. GIBSON: Are you finished there, I think, Mr. Morrow.

MR. KELLOCK: I am instructed it ought to have been between $60,000. and $65,000. annually.

MR. McRUER: You say, ought to have been.

MR. KELLOCK: The witness explained yesterday that the full depreciation had not been taken.

MR. McRUER: Well, on this sheet -- I think we should have this filed -- I notice, for instance, the selling price of this first blue serge that is mentioned here, the Spring list price --

MR. KELLOCK: 4562.

MR. McRUER: 4562, the selling price is put in on August 4th, 1933, at $1.52 1/2. Then, it is revised on September 16th to $1.72 1/2.

MR. KELLOCK: You ought to compare the costs with that at the same time to give the true picture.

(Page 11075 follows)

(Page 11075 follows)

MR.McRUER: Just a moment, if you will please give me a chance to draw my breath. There does not appear to be a revision of the cost price as between those two dates--that is right? A. I would like to explain that.

Q. Well, the selling price of August 4, 1933, seems to be about 8½¢ below what is shown as the cost. In September 16 it is 11½¢ above. So that it seems to have been brought up all right, what you say is your cost, which includes profit and depreciation and all these things except those other details which you gave us? A. In the meantime the market had advanced and we advanced the price over there on the basis of the market up to that.

Q. I know but not on the basis of cost? A. But our cost would increase proportionately.

Q. Still you did not revise your cost? A. No, we did not make a new cost sheet of that date.

Q. Do these costs tie in with your books as the actual cost or are they projected? A. They are costings prepared by our Cost Department from time to time as--- I don't know probably what you mean "Tie-in with the books".

Q. Well, they tie in with the financial records of the company as being actual costs? A. They do.

Q. Or do you know that? A. Yes.

Q. If they do with this company it is about the first? A. I don't know why they should not.

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Just a moment, if you will please give me a chance to draw my breath. There does not appear to be a revision of the coat price as between those two dates--that is right? -- I would like to explain that.

Q. Well, the selling price of August 4, 1925, seems to be about 8½ below what is known as the coat. In September 16 it is 11½ above. Do that it seems to have been brought up all right, what you say is your cost, which includes profit and depreciation and all these things except those other details which you gave us? A. In the meantime the market had advanced and we advanced the price over there on the basis of the market up to that.

Q. I know but not on the basis of cost?

A. But our cost would increase proportionately.

Q. Still you did not revise your cost? A. No, we did not make a new cost sheet of that date.

Q. Do these coats tie in with your books as the actual cost or are they projected? A. They are costings prepared by our Cost Department from time to time as--- I don't know probably what you mean "Tie-in with the books".

Q. Well, they tie in with the financial records of the company as being actual costs? A. They do.

Q. Or do you know that? -- Yes.

Q. If they do with this company it is about the A. I don't know why they should not.

Q. Are you sure about that? A. I will leave that to Mr. Davies to answer. I understand they are and believe they are.

EXHIBIT 784: Statement of Paton Manufacturing Company showing costs, four sheets.

THE COMMISSIONER: Q. Tell me what you mean by "Projected costs"?

MR. McRUER: That is costs that are laid out to what we work to rather than the actual performance on the article, and that they check back and show that was the cost of producing that article?

A. I will leave that to our Costing man but I think there that we are.

Q. Now, referring to this teletype message in Exhibit 764from you to Anderson in reference to railroad contract dated 11th July, 1933:

"Tell Renwick to quote both railroad companies-Class 4556, quote 2.45. This price has been discussed with Barrett of Dominion Woollens who will quote same. On Class 4561 quote 2.20. As this cost does not conflict with any of Dominion Woollens have made no arrangements with them."

Now, there had been a message before that that Dominion Woollens were quoting 2.35. In the message of the same date from Renwick to you:

"Dominion Woollens quote Ogulnik 2.35 for their number 880 which competes against our Number 4556. This was quoted to them yesterday

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Q. Are you sure about that? A. I will leave
that to Mr. Davies to answer. I understand they are
and believe they are.

BANKBOOK 7954: Statement of Paton Manufacturing
Company showing costs, four sheets.

MR. McCULLOUGH: That is costs that are laid out
to what we work to rather than the actual performance
on the article, and that they check book and show
that was the cost of producing that article?
A. I will leave that to our Costing man but I think
that is all it is.

Q. Now, referring to this teletype message in
Exhibit 76 from you to Anderson in reference to railroad
contract dated 11th July, 1952:

"Bell Nonwick to quote both railroad compound Cla-
Cla-ms 4998, quote 2.45. This price has been
discussed with Barnett of Dominion Woollens
who will quote same. On Class 4991
quote 2.80. As this cost does not conflict
with any of Dominion Woollens have made no
arrangements with them."

Now, there has been a question here that Dominion
woollens were quoting 2.35. In the message of the
same date from Nonwick to you:

"Dominio Woollens quote Cla-nick 2.35
[illegible]
Number 4998. This was under-[illegible]

and I think it would be wise to have Mr. Barrett wire their office here to rescind that price." Then you produce us a memo that shows that you got the order at 2.45? A. Right.

Q. What is this 321 and 329? A. This would be the order numbers and the date and one piece.

Q. How many yards in a piece? A. About 65 approximately.

Q. And the next one - there would be three pieces all together? A. Yes.

Q. Now, do you know whether Dominion Woollens got an order or not? A. No, sir, I do not.

Q. But evidently whether Dominion Woollens raised their price 2.45 or not you got the order at 2.45? A. Yes.

Q. So that it must be a fair conclusion that Dominion Woollens must have recalled their price and raised it to 2.45? A. That would be the assumption.

Q. Or you would not have got it? A. No.

Q. I suppose Ogulnik would just as soon buy from one as the other if he would get the same competing price? A. If he would get a lower cost, I would say so.

THE COMMISSIONER: What would you call this?

MR. McHUGH: It is a memo of order received from Ogulnik.

EXHIBIT 785: Memo re Ogulnik order.

Q. And the next one - memo would be three pieces all together? A. Yes.

Q. Now, do you know whether Dominion Woollens got an order or not? A. No, sir, I do not.

Q. But evidently whether Dominion Woollens raised their price 3.45 or not you got the order at 2.45?

A. Yes.

Q. So that it must be a fair conclusion that Dominion Woollens must have received their price and raised it to 3.45? A. That would be the assumption.

Q. Or you would not have got it? A. No.

Q. I suppose Dominik would just as soon buy from one as the other if he would get the same competing price? A. If he could get a lower cost, I would

Q. MONEY: It is a memo of order received from

MR. McRUER: The important part of it is the price. I wanted to verify the price that the order was placed at.

Q. Now, Mr. Dodd, in reference to the business of the Paton Manufacturing Company I suppose you contend that the present tariff protection that you have is necessary for the business of the company - that is correct? A. Yes.

Q. In order to exclude competition from other companies.

MR. KELLOCK: No, the witness started to say something.

MR. McRUER: I will let him say it? A. I think the present tariff is necessary to the well-being of Canadian Woollen Mills because prices abroad and in England are very very low. If we are going to compete and continue as a developing business in Canada we must be protected against competition which has the world to go to as we are confined to ---

THE COMMISSIONER: "Which has the world to go to"- you mean the Canadian market can call on the whole world? A. No, I am speaking of the English market, their prices are low.

Q. That is not the market - you mean English manufacturers? A. The English manufacturers have the world as a market to go to whereas we are unable to go to that world and consequently we need tariff to protect us to that end.

MR. MOLOCK: The important part of it is the price. I wanted to verify the price that the order was placed at.

Q. Now, Mr. Dodd, in reference to the business of the Dalton Manufacturing Company I suppose you extend that the present tariff protection that you have is necessary for the business of the company - that is correct? A. Yes.

Q. In order to exclude competition from other countries?

MR. KNELOCK: No, the witness started to say something.

MR. MONDER: I will let him say it? A. I think the present tariff is necessary to the well-being of Canadian Woollen Mills because prices abroad and in England are very very low. If we are going to compete and continue as a developing business in Canada we must be protected against competition which has the world to go to as we are confined to ---

THE COMMISSIONER: "Which has the world to go to"- You mean the Canadian market can call on the whole world? A. No, I am speaking of the English market, their prices are low.

THE COMMISSIONER: Perhaps Mr. Dodd can give us an idea of what proportions of the Canadian market Canadian industry fills.

MR. McRUER: Q. Can you give us that proportion?

MR. BERRY: They are in Exhibit 640.

THE COMMISSIONER: That is memo submitted by the industry to the Minister of Finance and Minister of Trade and Commerce last May.

MR. McRUER: Yes.

THE COMMISSIONER: That is in view of the negotiations carried on next year with Great Britain.

THE WITNESS: That would be it, sir.

MR. McRUER: Q. Well, I suppose your company endorsed the representations that were made to the Government in 1930 for increased tariffs?

A. We did.

Q. And was it not one of the representations that was made to the Government that the internal competition between the mills would take care of the consumer in Canada if competition from abroad was excluded or substantially excluded by the tariff protection that would be given? A. I don't remember any such. Let me admit now, in those days I was not taking the interest in the woollen business that I did subsequently.

THE COMMISSIONER: Q. In 1930? A. Yes.

Q. What were you doing in 1930? A. I was with the Dominion Textile Company. My interest was

perhaps Mr. Dodd can give us an idea of what proportions of the Canadian market Canadian industry fills.

MR. DODD: They are in exhibit 312.

THE CHAIRMAN: That is memo submitted by the industry to the Minister of Finance and Minister of Trade and Commerce last May.

Mr. .

THE CHAIRMAN: That is in view of the negotiations carried on next year with Great Britain.

Mr. Hamilton: Well, I suppose your company endorsed the representations that were made to the Government in 1930 for increased tariffs?

A. We did.

Q. And was it not one of the representations that was made to the Government that the internal competition between the mills would bring care of the consumer in Canada if competition from abroad was excluded or substantially excluded by the tariff? protection that would be given?

remember any such. Let me admit now, in those days I was not taking the interest in the woollen business that I did subsequently.

THE CHAIRMAN: Q. In 1930? A. Yes.

Q. What were you doing in 1930? A. I was with the Dominion Textile Company. At interval was

more with them than it was with the Paton Company but still I do not think there was such an undertaking as that.

MR. McRUER: Q. We have it in writing in respect to some parts of the Textile Industry - I don't say the Woollens - I say in regard to some part of the Textile Industry we have it before the Commission in writing the statement that internal competition will protect the consumer? A. I think that is quite right in cotton.

Q. But did the woollen industry, make a mental reservation, at any rate--- A. No, I don't agree ---

THE COMMISSIONER: Mr. Dodd does not know.

MR. McRUER: Q. At any rate, I will come to more practical things - is it your contention that it is necessary to the life of this industry not only to eliminate competition from abroad but to eliminate competition among the mills themselves? A. But we had not eliminated competition from abroad, there is still a very vast competition from abroad.

Q. There are goods that come in over the tariff barriers - those of us who buy suits of clothese usually buy imported cloth? A. Yes.

MR. KELLOCK: That is not quite right. I am instructed there are goods come in where there are no tariff barriers, woollen goods from England.

MR. McRUER: Oh, those light things.

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is quite right in cotton.

Q. But did the woollen industry, make a mental reservation, at any rate--- A. No, I don't agree ---

THE COMMISSIONER: Mr. Dodd does not know.

MR. MONDOUH: Q. At any rate, I will come to more practical things - is it your contention that it is necessary to the life of this industry not only to eliminate competition from abroad but to eliminate competition among the mills themselves? A. But we had not eliminated competition from abroad, there is still a very vast competition from abroad.

Q. There are goods that come in over the tariff barriers - those of us who buy suits of clothes usually buy imported cloth? A. Yes.

MR. HILLOCK: That is not quite right. I instructed there are goods come in where there are

THE WITNESS: Yes, four and six ounce. There is a vast quantity of them, yes.

THE COMMISSIONER: You mean to say there is no tariff protecting them?

MR. KELLOCK: Yes, my lord.

MR. MCRUER: Q. There are none of the goods you manufacture except that are protected by tariff? A. Not the Paton Company, no, they are all protected.

Q. Well, we will deal with your own company. Do you contend that it is necessary to the life of your Company that there be these agreements not to compete on questions of price? A. I would say at the present time, yes, sir, and---

Q. So that you must not only ---

MR. KELLOCK: Now, let him finish.

THE WITNESS: I think under the present conditions and conditions that have existed for some years that stabilization, which was really the object that we were pressing for when we made these minimum prices, stabilization of prices, and at a reasonable rate, which many times as we have shown you was under cost or very little over cost, and I think for the trade as a whole that stabilization was an excellent thing and I believe in it thoroughly.

Q. Who is to determine the reasonableness of the price? A. I think that the mills manufacturing goods, knowing their cost, that they should be able to determine the reasonable---

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MR. KERR: Yes, four and six ounce. There is a vast quantity of them, yes.

THE COMMISSIONER: You mean to say there is no really publishing house?

MR. KERR: Yes, my lord.

Q. Not the Paton Company, no, they are all protected. manufacture except that are protected by tariff?

A. Not the Paton Company, no, they are all protected.

Q. Well, we will deal with your own company. Do you contend that it is necessary to the life of your Company that the e be these agreements not to compete on questions of price? A. I would say at the present time, yes, sir, and---

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MR. KERR: Now, let him finish.

and conditions that have existed for some years that stabilization, which was really the object that we were pressing for when we made these minimum prices, stabilization of prices, and at a reasonable rate, which many times as we have shown you was under cost or very little over cost, and I think for the trade as a whole that stabilization was an excellent thing and I believe in it thoroughly.

Q. Who is to determine the reasonableness of the prices? A. I think that the mills manufacturing, knowing their cost, that they should be able to maintain the stability---

Q. So that the consumer would not be able to take advantage of the cheaper goods that are produced abroad and he would be left entirely in the hands of the mills as to what price he should pay after the mill had agreed together as to what price he wouldhave to pay?

A. I think all consumers, including our help, you and I, are left in that hands anyway, no matter what we buy.

Q. Why, since Hield left your Association the Consumers have had the advantage of buying at lower prices than your Associatio. were willing to set and Hield does not suggest that he is going into bankruptcy?

A. Well, I don't know about Hield going into bankruptcy- I don't know his set-up at all but I do not believe that Hield would have made any money, and I can only express that as an opinion.

Q. Do you think it is fair to the consumers that a price should be set among the different mills who have different records of operation, who have different records of profitable operation, and that they should all charge the same prices? A. I think it is a perfectly reasonable thing under conditions of this kind.

THE COMMISSIONER: Q. What do you mean by "Conditions of this kind"? A. I mean conditions when prices are low, business is not what it used to be, not the volume to be had for a mill to keep running and operating at its full capacity year in and year out, and under the conditions we can sell I believe it is justified

to be had for a mill to keep running and operating
low, business is not what it used to be, not the volume
this kind"? A. I mean conditions when prices are
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A. I think all consumers, including our help, you and
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and he would be left entirely in the hands of the mills
of the cheaper goods that are produced abroad
Q. So that the consumer would not be able to take

for a group of mills, so long as they do not put their prices, what I would call an unreasonable basis, and for these mills all to sell at the same prices.

MR. McRUER: If a mill puts a price on a basis that is higher than it could reasonably sell it to the public at that is an unreasonable basis? A. Yes, I would call that an unreasonable basis.

Q. All right. Hield thought he could reasonably sell at prices lower than the Association prices, did not he? A. Well, at one time he did not think that.

Q. Yes, but he came to the conclusion that - by getting more volume he could keep his looms busy and he was happy apparently from what he said? A. I know what made Mr. Hield a little happy then - it was a phase in 1934 that we were all going through and that was these contracts that I had previously touched on. He had a lot of contracts on his books and there was a letter from England to Mr. Hield in reply to one from him where he was suggesting that they book new orders at the higher prices or at the lower prices and continue to keep these orders on his books, the higher priced ones. Now, Hield was fighting that and we were all fighting it, and we were all endeavouring to have these contracts lived up to by our customers and finally what caused him to go out of the Association largely was the fact that we did as a body endeavour to protect those contracts.

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and for these mills all to sell at the same prices.

MR. MCPHERSON: If a mill puts a price on a basis that
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and there was a letter forwarded to Mr. Hladd in
reply to one from him where he was suggesting that they
book new orders at the higher prices or at the lower
prices and continue to keep these orders on his books,
the higher priced ones. Now, Hladd was fighting
that and we were all fighting it, and we were all
trying to have these contracts lived up to
by our customers and finally that caused him to go
out of the Association. Largely was the fact that we
(illegible) ...

We had bought raw material against them and we were justified in asking our customers to live up to their contracts. Mr. Hield broke away from that and turned and revised all his contracts down to the current basis and negotiated with his customers one by one, if one man would accept 5%, 10% or 15% of contracts, one man would probably only get 5%, whichever way he could have it done, and we all went through that at the time and it was a very serious thing.

Q. There is in the woollen business one very large business that was a merger? A. Yes.

Q. Their volume would be very more than Hield ?
A. In worsted goods, yes, sir, it would be.

Q. Do you think that it would be fair to the public that they should not have the benefit of the lower cost of production on the greater volume that that mill puts out or that a price should be maintained to show a profit to every small mill? A. If Mr. Hield's set-up allowed him to sell goods at bare cost and that was his way of doing business and he wanted to continue that, I don't think that would be fair for another mill who had to make extra money to pay their expense over and above Hield's cost - I think those things, they will all come very much on a par at any rate.

Q. But the consumer has no representatives at this meeting of manufacturers that sits down to fix the prices that the consumer is going to have to pay.
A. No, granted they have not, but I think that the

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TELEPHONE

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had bought raw material against them and we were justified in asking our customers to live up to their contracts. Mr. Field broke away from that and turned and revised all his contracts down to the current basis and negotiated with his customers one by one, if one man would accept 3%, 10% or 15% of contracts, one man would probably only get 3%, whichever way he could have it done, and we all went through that at the time and it was a very serious thing.

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Q. Their volume would be very more than Field ?

A. In worsted goods, yes, sir, it would be.

Q. Do you think that it would be fair to the public that they should not have the benefit of the lower cost of production on the greater volume that will puts out or that a price should be maintained to show a profit to every small mill? A. If Mr. Field's set-up allowed him to sell goods at bare cost and that was his way of doing business and he wanted to continue that, I don't think that would be fair for another mill over and above Field's cost - I think those things, they will all come very much on a par at any rate.

Q. But the consumer has no representatives at this [illegible] that the consumer is going to have to pay?

A. [illegible]

manufacturers, who are on the whole fair-minded - would put their prices under a group, they will put their prices at a fair basis so that the consumer wouldnot be suffering.

Q. You think that the consumers of this country ought to have implicit trust in the manufacturers who met together in Mr. Hallam's office that their price will be fair and just to the consumer?
A. Nothing what happened in Major Hallam's Office, I would say for that group, that the consumer was in excellent hands.

MR. KELLOCK: Look at the prices, that is the answer.

MR. McRUER: The prices are the great variety of profits made by the different mills.

Q. Now, we will take the contractor who had to buy a particular type of cloth for the uniforms for the Canadian National Railways. You and the Dominion Woollens and Worsteds were at one time the only two firms making this cloth in Canada?
A. Exactly.

Q. Those cloths were subject to a very high duty?
A. That is right. Well, it is the same duty.

Q. No, but there was specific duty on this heavy cloth, it came very high? A. Yes, it would make it a bit higher, that is right.

Q. And I suppose the duties would run anywhere up to 35% ad valorem? A. I don't think

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they would.

Q. Can you tell me what the English price purchased abroad was on this particular fabric? A. 4556?

Q. On 4556, could you tell me what the English price would be? A. No, I would not know what the English price would be.

Q. Equivalent cost. I would just like to know how much customs duty is charged on 4556. At any rate, the duty was sufficient that at the prices you and the Dominion Woollens agreed on, we will take this instance of 2.45, the company could not afford to purchase it abroad and lay it down here duty-paid as against yours? A. I don't know whether they could or not. To answer that I would be saying something either right or wrong.

Q. I won't ask you to answer it unless you know. At any rate, if we assume that the duty was sufficient to make the laid-dow price here from England higher than yours, then you and the Dominion Woollens were in ~~not~~ a position to dictate to Agulnik exactly what he would pay for that cloth? A. May I show you the cost of what that was at the time? I have it here.

Q. I am going to deal with that with your cost accountant? A. All right.

Q. It is not a question of whether you did wrong or not. It is a question of whether there was, if you went on in that way in this country, that

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abroad was on this particular fabric? A. 4056?

Q. On 4056, could you tell me what the English price would be? A. No, I would not know what the English price would be.

Q. Equivalent cost. I would just like to know how much customs duty is charged on 4056. At any rate, the duty was sufficient that at the prison you and the Dominion Woollens agreed on, we will take this instance of 2.45, the company could not afford to purchase it abroad and lay it down here duty-paid as against yours? A. I don't know whether they could or not. To answer that I would be saying something either right or wrong.

Q. I won't ask you to answer it unless you know. At any rate, if we assume that the duty was sufficient to make the laid-down price here from England higher than yours, then you and the Dominion Woollens were in not a position to dictate to Gagnick exactly what he would pay for that cloth? A. May I show you the coat of what that was at the time? I have it here.

Q. I am going to deal with that with your coat [illegible]? A. All right.

probably someone less scrupulous than yourself might do wrong. I am not making any accusations against you? A. I realise that.

Q. But it is the principle I am analysing. Now, that left the consumer entirely in the hands of you and Barrett? A. Right.

Q. When you got together and agreed on that price? A. Yes, and if we abused it I would say we were wrong.

THE COMMISSIONER: What do you mean by "abusing it"? A. Well, if we enhanced the value to such a rate that it did become an abuse, that is really what I mean.

Q. When does it become an abuse then? A. Well, if we enhanced the value at a high rate it would be.

Q. The point is when do you reach the abuse stage in anything you do? A. I suppose that must be left to individual idea of what is abuse.

MR. McRUER: Q. You see what you did in this case. We may decide whether it is abuse or not on your opportunities that were given to you by the tariff. Dominion Woollens had quoted $2.35 to Ogulnik? A. Yes.

Q. You had quoted $2.45. You wired to Dominion Woollens to alter their prices of $2.35 and they evidently must have withdrawn it, - and you agreed with me up to that point - you got the contract for $2.45. Now, that is apparently what happened? A. That is what happened.

wrong. I am not making any assumptions against you

A. I realize that.

Q. But it is the principle I am analyzing, now,

that left the consumer entirely in the hands of you

and Burnett? A. Right.

Q. When you got together and agreed on that price

A. Yes, and if we abused it I would say we were wrong.

THE COMMISSIONER: What do you mean by reducing

it? A. Well, if we enhanced the value

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MR. MCRUER: Q. You see what you did in this

case. We may decide whether it is abuse or not

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the tariff. Dominion Woollens had quoted $8.35

to Gaunitz? A. Yes.

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Woollens to alter their prices of $8.35 and they

evidently must have withdrawn it, - and you agreed

also me up to that point - You got the contract for

. Now, that is apparently what happened

A. That is most important.

THE COMMISSIONER: Q. Would you call that an abuse? A. Not the action itself I would not call abuse, your lordship, but I am referring - what did we ask them to do. Did we ask them to do something unreasonable and were we doing something unreasonable ourselves? I think when I suggested to show Mr. McRuer the cost sheet that that would answer a great deal of what I am trying to tell you.

Q. That is your cost sheet but here is another Company that says - we will do this for $2.35, and they apparently knew their business. You got them to withdraw that offer, and would not you call that abuse? A. I can only think this that if Dominion Woollens would be making a profit at $2.35 I do not think they would have acceded to my request because they were not bound to do it in any way. I was really calling their attention to the fact that their price was too low and they---

MR. McRUER: That is not what you say in your letter.

THE COMMISSIONER: Q. Would not you think before tendering they would satisfy themselves whether they could tender at a certain figure or not? A. Sometimes those things are done, I don't know just what causes them.

MR. McRUER: Q. Your wire to them there is not a question about cost or prices being too low.

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THE COMMISSIONER: Q. Would you call that an abuse? A. Not the action itself I would not call abuse, your lordship, but I am referring - what did we ask them to do. Did we ask them to do something unreasonable and were we doing something unreasonable ourselves? I think when I would answer a great deal of what I am trying to tell you.

Q. That is your cost sheet but here is another Company that says - we will do this for $8.35, and they apparently knew their business. You got them to withdraw that offer, and would not you call that abuse? A. I can only think this that if Dominion Woollens would be making a profit at $8.35 I do not think they would have acceded to my request because they were not bound to do it in any fact that their price was too low and they---

MR. MCRUER: That is not what you say in your letter.

THE COMMISSIONER: Q. Would not you think before tendering they would satisfy themselves whether they could tender at a certain figure or not? A. Sometimes those things are done, I don't know just what -

MR. MCRUER: That also is not there is not - Dominion Woollens cut of prices their line.

You just wire: "Dominion Woollens quoted Ogulnik $2.35 for their number 880, which competes against our 4556. This was quoted to them yesterday, and I think it would be wise to have Mr. Barrett wire their office here to rescind that price."

That is the second wire. The first wire in order of time was:

"Tell Kenwick to quote both Railroad companies - Class 4556 quote 2.45. This price has been discussed with Barrett of Dominion Woollens who will quote same."

You follow that up with another wire about three quarters of an hour later:

"Dominion Woollens quoted Ogulnik $2.35 for their number 880 which competes against our 4556. This was quoted to them yesterday, and I think it would be wise to have Mr.Barrett wire their office here to rescind that price."

Q. Now, you will agree with this too that sometimes a firm will, perfectly legitimately, in the course of their business will sell one fabric below what their cost sheet shows, another fabric above what the cost sheet shows - that is right? A. We do that ourselves.

Q. And is not it the Dominion Woollens' own business, and is not it fair to Ogulnik that the Dominion Woollens should on this particular quotation have quoted whatever they liked without you and

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Your last wire: "Dominion woollens quoted Ogunlak $2.85 for their number 880, which competes against our 4556. This was quoted to them yesterday, and I think it would be wise to have Mr. Barrett wire their office here to rescind that price."

That is the second wire. The first wire in order of time was:

"Tell Renwick to quote both Railroad companies - Clause 4556 Quote 2.45. This price has been discussed with Barrett of Dominion Woollens who will quote same."

You follow that up with another wire about three quarters of an hour later:

"Withdraw Canadian quoted Ogunlak price for their number 880 which competes against our 4556. This was quoted to them yesterday, and I think it would be wise to have Mr.Barrett wire their office here to rescind that price."

Now, you will agree with this too that sometimes of their business will sell one fabric below what the cost sheet shows - that is right? A. We do that ourselves.

Q. And is not it the Dominion Woollens' own business, and is not it that the Ogunlak that the Dominion woollens should on this particular quotation [illegible] whatever they liked without you and

Barrett getting together? A. Well, I asked them to do so and they consented to. They did not have to consent.

Q. No, I have no doubt they were rather glad when they knew you had come up 10 cents over what their quotation was? A. They probably were.

Q. Well, 10 cents a yard, according to your cost, I would rather gather would be quite a big spread? A. Well, it would only be - on the basis of that cloth it would be less than 5 %, probably about 4%.

Q. Can you let me have a swatch of that cloth so that I can see if I can get a quotation from England, an importer of similar cloth, to see if I can get a price at that time so that I would know what the laid-down cost would have been. This was not an isolated case that happened several times between you and Barrett? A. Yes.

MR. McRuer: Now, in respect to the matter your lordship asked about---

THE COMMISSIONER: That is about the Canadian market?

MR. McRUER: Yes. Mr. Berry has drawn my attention to a memo contained in Exhibit 640, which has three tables in it. One, purchases by the Woollen Industry in Canada from Great Britain of raw materials, and semi-manufactures. (From Trade of Canada). And these are enumerated in quantities. Does your lordship wish the quantities?

THE COMMISSIONER: No, as long as I can get the

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Barrett getting together? A. Well, I asked them to do so and they consented to. They did not have to consent.

Q. No, I have no doubt they were rather glad their quoted on wax? A. They probably were.

Q. Well, to serve a yard, according to your cost I would presume which would be quite a big spread?

A. Well, it would only be - on the basis of that cloth it would be less than 5 %, probably about 4%.

Q. Can you let me have a sample of that cloth so that I can see it I can get a quotation from England, an importer of similar cloth, to see if I can get a price at that time so that I would know what the landed cost would have been. This was not an isolated case that happened several times between you and Barrett? A. Yes.

MR. MATHEWS: Now, in respect to the matter your lordship asked about---

THE COMMISSIONER: That is about the Canadian

A. Yes. It has been my [illegible] has three tables in it. One, purchases by the woollen industry in Canada from Great Britain of raw materials, and semi-manufactures. (Promptly of [illegible]

percentage.

MR. McRUER: The next table is for Woollen and worsted cloths, not including cut pile fabrics, from Trade Snrvey, for the Calendar year 1935.

(Page 11095 follows)

Great Britain 10.05 million lineal yards -- one million lineal yards is the unit; foreign .52; Canadian 14.72; and expressed in percentages the figures are Great Britain 39.73; foreign, 2.05; Canadian, 58.22.

THE COMMISSIONER: On this showing the Canadian industry has 58 and a fraction per cent of the Canadian market?

MR. McRUER: Yes, my lord. For the years 1930 to 1935, respectively, the percentages are as follows for Great Britain and Canada:

Calendar Year	In percentages	
	Great Britain	Canadian
1930	55.3	23.3

THE COMMISSIONER: And the rest is foreign?

MR. McRUER: The rest would be foreign. I will give the figures for the other years.

Calendar Year	In Percentages	
	Great Britain	Canadian
1931	41.1	44.3
1932	35.5	57.2
1933	36.9	60.7
1934	40.4	57.4
1935	39.7	58.2

BY MR. McRUER: Now, Mr. Dodd, there would be quite a large volume of the British imports that would be six ounces to the yard cloth?

A. There are quite a lot of them.

THE COMMISSIONER: What is special about that?

MR. McRUER: Do any of the mills in Canada manufacture them in commercial quantities?

THE COMMISSIONER: Are they duty free so far as

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the tariff is concerned?

MR. BERRY: There is no duty on grey woollen cloth four ounces first square yard, and there is a nominal duty on grey woollen cloths between four and six ounces per square yard. There were fifteen million square yards imported in 1955 from Great Britain, and about one-third came in under the various six-ounce items.

THE COMMISSIONER: About five million square yards.

MR. McRUER: Those figures are in square yards and the figures we were giving a moment ago were in lineal yards, so we cannot compare them.

BY MR. McRUER: Q. You said, Mr. Dodd, I think, that the Canadian mills do not manufacture the four-ounce cloth? A. No.

Q. Do they manufacture the six-ounce ? A. I think a few of them do, but we have never made it, and so I am not as familiar with what they do produce?

Q. All right, thank you, Mr. Dodd.

BY MR. KELLOCK: Q. Mr. Dodd, my friend assumed in one of his questions that he put to you in regard to the Dominion Woollens Company that merely because that company might have a larger actual volume its costs of production were necessarily lower. Is that true, or does the cost of production depend not only on volume but on the capacity of the mill?

THE COMMISSIONER: The capacity?

MR. KELLOCK: On the ratio of volume to capacity.

the tariff is concerned?

MR. PERRY: There is no duty on grey woollen cloth over certain prices, and there is a nominal duty on grey woollen clothe between four and six ounces per square yard. There were fifteen mills in Brantford, and about one-third came in under the revision six years ago.

THE COMMISSIONER: About five mills equal to yards.

MR. McHUGH: Those figures are in square yards and the figures we were giving a moment ago were in lineal yards, so we cannot compare them.

BY MR. McHUGH: Q. You said, Mr. Dodd, I think, that the Canadian mills do not manufacture the four-ounce cloth? A. No.

Q. Do they manufacture the six-ounce ? A. I think a few of them do, but we have never made it, and so I am not as familiar with what they do produce?

Q. All right, thank you, Mr. Dodd.

BY MR. ASHLOOK: Q. Mr. Dodd, my friend assumed in one of his questions that he put to you in regard to the Dominion Woollens Company that merely because that company might have a larger actual volume its costs of production were necessarily lower. Is that true, or does the cost of production depend not only on volume but on the capacity of the mills?

THE COMMISSIONER: The capacity?

Q. ASHLOOK: On the ratio of volume to capacity.

THE WITNESS: It depends entirely on the volume of the clot s they are running through. If they are only running one cloth in a small way that cloth would not take all the saving on half a dozen cloths which they were running through in a large way.

BY MR. KELLOCK: Q. My question is this. In order to compare the costs of production as between two mills, do you look only at their respective volumes, or must you not also take into consideration the ratio of their respective volumes to their respective capacities? A. I think what I said is the same thing. We would have to take the ratio of that particular cloth to their capacity

Q. In other words, merely because a mill has a larger volume than another mill it does not follow that it has a lower cost of production? A. No, not on all cloths, it does not.

Q. With regard to these railway cloths the evidence indicates that the cloth of Dominion Woollens was approved by the railway. A. Yes

Q. That means that the railways wanted your cloths? A. They had approved the cloths. They have to meet specifications, a certain number of warp and weft counts and a certain tensile strength. When a mill submits a cloth to them, they test it in their own laboratory, and if it comes up to specifications they will approve of it. A cloth not approved cannot be accepted by a contractor.

Q. There were other blue serges made in Canada? A. Lots of them.

Q. And others were imported? A. Yes.

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THE MAN KNOX: It depends entirely on the volume of the cloth as they are reeling through. If they are only running one cloth in a small way that cloth would not take all the saving on belt a dozen cloths which they were running through in a large way.

BY MR. ARMOUR: Q. My question is this. In order to compare the costs of production as between two mills, do you look only at their respective volumes, or must you not also take into consideration the ratio of their respective volumes to their respective capacities? A. I think what I said is the same thing. We would have to take the ratio of that particular cloth to their capacity

Q. In other words, merely because a mill has a larger volume than another will it does not follow that it has a lower cost of production?

A. No, not on all cloths, it does not.

Q. With regard to those railway cloths the evidence indicates that the cloth of Dominion Woollens was approved by the railway. A. Yes

Q. Then where that the [illegible] [illegible] started? A. They had approved the cloths. They have to meet specifications, a certain number of warp and weft counts and a certain tensile strength. When a mill submits a cloth to them, they test it in their own laboratory, and if it comes up to specifications they will approve of it. A cloth not approved cannot be accepted by a contractor.

Q. There were other mills besides made in [illegible]? A. Lots of them.

Q. And others were imported? A. Yes.

Q. But th railways apparently wanted the kind of serge you manufacture? A. They had to have a serge that lived up to their specifications.

Q. Now if you and Dominion Woollens charged an exorbitant price for your cloth, do you think that that would not attract other mills into making that serge? A. If we charged an exorbitant rate, and it must be remembered that the railway buyers know the market situation, if we charged an exorbitant price to the contractors, who in turn did the same, your price for the suits would be such that it would send the railroad buyers abroad. I have heard our men talk about it. It is a matter of coming up to the specifications and giving a price that is reasonable and right.

THE COMMISSIONER: Am I to understand that ~~xxxx~~ a fair price is one that does not send a purchaser abroad?

MR. KELLOCK: No, my question to the witness was not limited to foreign competition. My question to you, Mr. Dodd --

THE COMMISSIONER: Because I could not accept that as a proposition, that a price is fair as long as it does not compel a purchaser to go abroad.

MR. KELLOCK: That was not my question. I will put it again.

THE COMMISSIONER: But that would be the result of the proposition you are putting, but that is not a test from the consumer's point of view of what is a fair price.

BY MR. KELLOCK: Q. My question to you,

Q. But the railways apparently wanted the kind of serge you were featuring? A. They had to have a serge that lived up to their specifications.

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THE COMMISSIONER: Am I to understand that [illegible] a fair price is one that does not send a purchaser abroad?

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MR. MILLSON: That was not my question. I will put it again.

THE COMMISSIONER: But that would be the result of the proposition you are putting, but that is [illegible]

MR. [illegible]: We view it [illegible]

Mr. Dodd, was, If you and in the Dominion Woollen Company charged an exorbitant price for your product, would that in your view attract other mills, whether domestic or foreign, into the business of manufacturing that cloth? A.. My answer is yes, it would.

Q. And is that always true, no matter what the product is? A. That would be the case with any product at all. If an exorbitant price was asked it would attract other people to making the product.

Q. And you suggest to His Lordship that up to the point where a foreign mill is attracted or your buyer is forced to go outside the country to get his product -- are you suggesting that that is the point that decides whether the price is or is not exorbitant? A. I do not just know how to answer that with a yes or no. There are various reasons why a buyer goes abroad to buy goods. He goes abroad, for instance, because of patterns, because he wants to add to the patterns that he can secure in Canada, but a staple fabric like a blue serge, so long as he was satisfied that he was getting a reasonable price in Canada, I do not think the buyer of such a product would go abroad. I do not know whether that answers your question but that is how I feel

Q. If you were getting such a price, a price that was very profitable and attractive to every other Canadian mill, is there any reason why other Canadian mills would not commence to make the cloth and compete for the business?

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Mr. Dodd, was, if you and in the Dominion Woollen Company observed an exorbitant price for your product, would that in your view attract other mills, whether domestic or foreign, into the business of manufacturing that cloth.

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A. That would be the case with any product at all. If an exorbitant price was paid it would attract other people to making the product.

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Q. If you [illegible]

price that was very profitable and attractive to every other Canadian mill, is there any reason why other [illegible] and [illegible] the price and [illegible] the Dominion

A. No, they would come in and compete for it.

Q. With regard to these price agreements, do they cover this blue serge at all? A. They do not include those at all.

Q. They cover a number of other cloths. Was it the fact that there were always mills outside this group during the currency of these agreements which were in a position tomake these cloths and quote prices? A. Oh yes, some of them did make them.

Q. My friend asked you as to the fairness of this price group or its members discussing the fixing of a minimum price, that is fair from the standpoint of the consumer. Do you think it is fair from the standpoint of the mills that there should be such unrestricted competition that the mills are selling below cost and cannot get a profit? Is that sort of situation fair to the mills in your view? A. I would not think so.

Q. You would not think so? A. No.

Q. Then my friend's view appears to be that that is absolutely wide open.

MR. McRUER: I have no views. I just ask questions.

BY MR. KELLOCK: Q. My friend was framing his questions to you on this basis, that so long as things are wide open and the mills are being forced to sell below cost that that is the ideal situation. Do you agree with that view ?
A. No, I do not.

THE COMMISSIONER: The real point is whether competition should be one hundred per cent, whether competition should be perfect or whether it should

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be imperfect or no competition.

BY MR. KELLOCK: Q. From your experience, Mr. Dodd, when competition was absolutely unrestricted in the early part of 1923 and 1932, was that a fair situation from the standpoint of the mills so far as being able to make their costs? A. The answer is the efforts we made to do something else. It was that situation which suggested to us that we should do something.

Q. Something else -- A. To make these minimum prices.

THE COMMISSIONER: That is not answering the question. It is not just a question of what the mills should get, but there is the general public as a whole, and what is right? Should there be perfect competition or no competition, or mitigated competition. I do not think that is a question for the witness.

THE WITNESS: It is very difficult to answer.

THE COMMISSIONER: All that the witness is saying is that if the mills do not have too much competition among themselves they are better off, and we all know that. That does not have to be told to us. The less the competition, of course the better for the mills.

THE WITNESS: I was just suggesting that our action itself was really the answer to that situation. At least that is how it appears to me.

MR. McRUER: It was intended to curb competition.

BY THE COMMISSIONER: Q. You thought there was too much competition and you got together on

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BY MR. ARMOUR: Q. From your experience, Mr. Dodd, when competition was abs lutely unrestricted in the early part of 1922 and 1923, was that a fair situation from the standpoint of the millis so far as being able to make their costs? A. The answer is the efforts we made to do something else. It was that situation which suggested to us that we should do something.

Q. Something else -- A. To make those minimum prices.

THE COMMISSIONER: That is not answering the question. It is not just a question of what the mills should get. But that is the second matter as a whole, and what is right? Should there be perfect competition or no competition, or mitigated competition. I do not think that is a question for the witness.

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THE COMMISSIONER: All that the witness is saying is that if the mills do not move too much competition among themselves they are better off, and we all know that. That does not have to be told to us. The less the competition, of course the better for the mills.

MR. ARMOUR: I was just suggesting that our section itself was really the answer to that situation. At least that is how it appears to me.

MR. DONLEVY: It was intended to curb competition.

BY MR. ARMOUR: Q. You thought there was too much competition and you got together on

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these price agreements in order to limit it.

A. Competition on prices.

Q. Of course, we are talking of prices.

A. There was no effort made or anything said that a man should only produde so much goods. There was no curtailment in that way.

MR. McRUER: They reported on production.

THE WITNESS: They discussed that but it came to nothing.

THE COMMISSIONER: That would be only another way of affecting prices. The curtailment of production would affect prices. You got together and agreed not to charge less than a certain price.

BY MR. KELLOCK: Q. Is it, or is it not obvious, Mr. Dodd, that in the situation that existed in the early part or 1933 the mills could only carry on for a certain length of time? If that situation of prices with relation to your costs had continued what would have been the result?

A. I cannot say now what the result would have been. We were trying to ward that off by our action.

BY THE COMMISSIONER: Q. Trying to ward off what? A. I was asked what would be the result, and we felt it would mean the extinction of some of the members of the group.

Q. Let us face that problem. Suppose there was the extinction of some members. Would you think that a bad thing for the community?

A. We felt so at the time.

Q. Was it necessary that all the members should survive? A. We thought so.

there price agreements in order to limit it.

A. Competition on prices.

Q. Of course. We are talking of prices.

A. There was no effort made or anything said that was only [illegible] be fair trade. There was no overt [illegible] that way.

[illegible]: They reported on [illegible].

[illegible]: They discussed them but it came to nothing.

[illegible]: That would be only another way of effecting prices. The establishment or investment would affect prices. You get together and agreed not to charge less than a certain price.

[illegible]: Is it not obvious, or is it not, that in the election there existed in the early part of 1929 the while could only carry on for a certain length of time. If the situation of prices with relation to your costs had continued what would have been the result?

A. I cannot say no. What the result would have been. We were trying to ward that off by our action.

[illegible]: Trying to ward off what? A. I was asked what would be the result, and we felt it would mean the extinction of some of the members of the group.

Q. Was it [illegible] that extinction was the extinction of some members. Would you think that a bad thing for the community?

A. We felt so at the time.

Q. Was it necessary that all the [illegible]? A. We thought so.

Q. I can understand you thinking so. ,All right, go on, Mr. Kellock.

BY MR. KELLOCK: Q. If that situation continues indefinitely, how is it in the interests of the consumer if some of the mills should go out of business? A. It would place more power in the hands of fewer mills, I presume, and probably would lessen the volume of goods that might have been produced in Canadian mills employing Canadian labour.

Q. Certainly it would decrease the employment of Canadian labour? A. Undoubtedly.

Q. And the production would be in the hands of a fewer number of the surviving mills?
A. Fewer mills.

MR. McRUER: That is what happened when Dominion Woollens and Worsteds formed their merger.

THE COMMISSIONER: What?

MR. McRUER: When Dominion Woollens and Worsteds formed their merger they had no hesitation in closing one or two mills.

THE WITNESS: I did not know they closed any mills.

MR. McRUER: Oh yes.

BY MR. KELLOCK: Now, Mr. Dodd, my friend was saying that after Hield went out of this price group he sold at lower prices. Do you know if that is so? A. That is so.

Q. In all cases? A. I cannot say in all cases. I know in some cases he did.

Q. What was the reason he went out?
A. I explained the reason. It was because Hield

had a lot of contracts on his books and he could not get them specified any more than the other members could. The other members were fighting that situation and were endeavouring to make their customers live up to their bona fide contracts, and during that period when we were fighting that battle field dropped out because he wanted to get his specified.

Q. One question in regard to your costs. Is there a percentage of operation with relation to capacity upon which these costs are based? A. Our cost department tells me that the basis of our costs is ninety per cent full operation, that that is what is built into the costs.

Q. And should your operation, your volume, fall below ninety per cent, what effect has that on your costs? A. It has the constant effect of increasing the cost of the goods we are producing.

Q. It increases the cost of those goods? A. Yes.

MR. McRUER: I thought we had evidence a few minutes ago that the greater volume of Dominion Woollens and Worsteds would not make their costs lower than yours.

THE WITNESS: I was speaking of individual cloths.

MR. McRUER: These costs are very involved things and it is very difficult for anybody to understand them.

MR. KELLOCK: Even my friend does not understand them.

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had a lot of contracts on his books and he could not get them specified any more than the other members could. The other members were fighting that situation and were endeavouring to make their customers live up to their home rule contracts, and during that period when we were fighting that battle Dodd dropped out because he wanted to get his specified.

Q. One question in regard to your coats. Is there a percentage of operation with relation to capacity upon which these coats are based?

A. Our coat department tells me that the basis of our coats is ninety per cent full operation, that that is what is built into the coats.

Q. And should your operation, your volume, fall below ninety per cent, what effect has that on [illegible] A. It has the constant effect of increasing the cost of the goods we are producing.

Q. It increases the cost of those goods?

A. Yes.

MR. MORDEN: I thought we had evidence to the effect that [illegible] collars and Worsteds would not make their coats lower than yours.

THE WITNESS: I was speaking of individual [illegible].

MR. MORDEN: These coats are very involved things and it is very difficult [illegible] specified ones.

MR. DODD: Even my friend does not [illegible].

MR. McRUER: I will admit that right at once. I do not believe anybody else here does. They are like statistics.

BY MR. McRUER: Q. Mr. Dodd, there is just one question. You said to His Lordship you thought it was essential we should have all the mills that were operating at the time these price agreements were in effect to continue to operate? A. Yes.

Q. Some of these mills did not operate prior to 1930. Is that not correct? A. I believe that is correct.

Q. Down Coulter, for instance, were they here before 1930? A. I do not remember just when they came in. It was about 1930 or 1931

Q. Between 1930 and 1931 ? You think it is important that the consumers of Canada should feed any number of mills that wanted to come in and start operations. A. I think it is far better that the mills that are here should be operating on a profitable basis rather than go backward.

Q. And that means practically a direct taxation on the consumers to subsidize these mills and keep them there competing with one another -- direct taxation by price agreements. That is a logical conclusion. A. I do not agree with you that the consumer is hurt there.

Q. The more mills you get in the more likely there is to be competition, and the market is split up. A. Right.

Q. The market is split up, and the costs go up, and then your price agreements have to go up

I do not believe in those mills. They are
like elevators.

Q. Mr. Dunn, there is just
one question I would like to ask regarding your thought
it was essential we should have all the mills that
were operating at the time these price agreements
were in effect to continue to operate? A. Yes.

Q. Some of these mills did not operate prior
to 1930. Is that not correct? A. I believe
that is correct.

Q. Does anybody, the Institute or any one
here before 1930?

A. Just when they came in. Between 1930 and 1931? You think
it is important that the consumers of cement
should feed any number of mills that wanted to
come in and start operations. A. I think it
is far better that the mills that are here should
be operating on a profitable basis rather than go
backward.

Q. And that means practically a direct reduction by the Institute of the mills and
Alway taxation by price agreements. That is a
fact, is it not?

Q. The more mills you get in the more likely
it is to be competition, and the market is
split up.

A. Right.

Q. The market is split up, and the costs go up.

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and the consumer has to pay more. A. Well, it does not work out that way. If we had more mills in the country, even if they came under price agreements, and those agreements would keep within reasonable conditions, the people would get the benefit of home production, more home labour would be employed, imports would be stopped to some extent, and Canada as a whole would benefit by it rather than otherwise.

Q. But every mill that comes in splits up part of the market, does it not ? A. Granted.

Q. So every time the market was split up between other mills your costs would go up? A. Provided there was not an equal quantity of goods kept out of the country to take care of the new mills coming in.

Q. Down Coulter never entered your price agreements. Is that right? A. They did not come in, but Down told us he would observe these prices, and when he did not we had the right to ask him what he had done, and he would tell us.

Q. He sort of played ball with you.

THE COMMISSIONER: Where are they?

MR. McRUER: They are at Trenton, and according to the correspondence there was not the slightest chance of them going bankrupt.

THE WITNESS: No, I do not think so.

BY MR. McRUER: Now why should not the consumers of Canada have the benefit of the prices at which Down Coulter were able to turn out goods? A. I do not know Down Coulter's prices or what their policy was in selling. After all they were coming into Canada; they were new, and whether Down

and the consumer has to pay more. A. Well, it does not work out that way. If we had more mills in the country, even if they came under price agreements, and those agreements would keep within reasonable conditions, the people would get the benefit of home production, more home labour would be employed, [illegible] to some extent, and Canada as a whole would benefit by it rather than other mills.

Q. So every time the market was split up between other mills your costs would go up?

A. Provided there was not an equal quantity of goods kept out of the country to take care of the new mills coming in.

Q. Does Coulter never entered your price [illegible] not come in, but does told us [illegible] those prices, and when he did not we had the right to ask him what he had done, and he would tell us.

MR. MORLEY: They are at Preston, and cancelling some of them going bankrupt.

THE WITNESS: No, I do not think so.

BY MR. MORLEY: Now why should not the consumers of Canada have the benefit of the prices

coming into Canada; they were new, and whether Down

felt that he would prefer to sell close to or under his cost to get his cloths established I do not know, but according to our costs Down could not have been making money when he was selling his goods cheaper than we were.

Q. You may have one system of costing and another mill may have another system? A. Granted. but I think they would all arrive pretty close to the same level.

Q. After they had met together, I have no doubt that would be true. A. Without meeting together.

Q. There is one mill that has been doing business in Renfrew, for instance, an old family mill, and there has been no recapitalization, no refinancing and so on. It has a low price on its property, its depreciation has been written off for three years, and it has lower costs than a mill that writes up its property by a valuation and then says: We will depreciate on that, and now here are our costs. Do you not think there is a very great difference between the two? A. There is a difference in set-up, but at the same time it is a matter of policy. That old mill an established family place, they might like to make a lot of money out of that place as well. It is a question I cannot answer in that way. I can only assume certain things.

Q. On the other hand, if they said,"We do not want to make a big killing, we are satisfied with a nice living in Renfrew," that would be very fine too, would it not?

felt that he would prefer to sell alone to or under his coat to get his clothes established I do not know, but according to our courts Dunn would not have been making money when he was selling his goods cheaper than we were.

Q. You may have one system of costing and another will may have another system. A. Granted, but I think they would all arrive pretty close to the same level.

Q. After they had met together, I have no doubt that would be true. A. Without meeting together.

Q. There is one mill that has been doing business in Canton, for instance, an old family mill, and there has been no recapitalization, no refinancing and so on. It has a low price on its property, its depreciation has been written off for three years, and it has lower costs than a mill that writes up its property by a valuation and then says: We will depreciate on that, and now there are our costs. Do you not think there is a very great difference between the two?

A. There is a difference in set-up, but at the same time it is a matter of policy. Each old mill has a Lot of money out of that class as well. It is a question I cannot answer in that way. I can only assure certain things.

Q. On the other hand, if they said,"We do not want to make a big killing, we are satisfied with a nice living in Canton," that would be reflected, would it not?

A. Well, I know that the mill in Renfrew sells its goods pretty much at the same prices as elsewhere.

Q. They did not come in on your agreement?

A. No, they make different goods.

A. F. ANDERSON, Recalled.

EXAMINED BY MR. McRUER.

Q. Perhaps we had better clear up this subject we had yesterday about the purchase of the old company by the new company. Did you bring the annual reports of the company? A. I did not.

Q. I want to get the capitalization of the Paton Manufacturing Company, if I can. Is there anything here that will give me that?

THE COMMISSIONER: Do you mean the present company?

MR. McRUER: No the previous company, my lord. I want to get the original capitalization because before the sale was made I notice there was an application for Supplementary Letters Patent which probably increased the capitalization; I do not know.

BY MR. McRUER: Q. You have your by-laws there?

A. Yes.

Q. And you are referring me now to a by-law contained in the minutes, By-law No.36:

"To provide for the distribution of the assets of this company amongst its shareholders,

Whereas there are 6,000 shares of the capital stock of this company at present issued and outstanding,

A. Well, I know that the mill in Penrose sells the goods pretty much at the same prices as elsewhere.

Q. They did not come in on your agreement?

A. No, they make different goods.

EXAMINED BY MR. MORGAN.

Q. Perhaps we had better clear up this subject we had yesterday about the purchase of the old company by the new company. Did you bring the annual reports of the company? A. I did not.

Q. I want to get the capitalization of the Paton Man Cturing Company, if I can. Is there anything here that will give me that?

THE EXAMINER: Do you mean the present company?

I want to get the original capitalization because before the sale was made I notice there was an application for supplementary letters patent which probably increased the capitalization; I do not know.

A. Yes.

Q. And you are referring me now to a by-law contained in the minutes, By-law No.36:

"To provide for the distribution of the assets of this company amongst its shareholders. Whereas there are 6,000 shares of the capital stock of this company at present issued and outstanding.

Therefore be it enacted by the directors of the Paton Manufacturing Company of Sherbrooke as By-law No.36 of its by-laws as follows:

Each shareholder of the Paton Manufacturing Company of Sherbrooke shall, on transferring his shares to the company now being incorporated in the name 'Paton Manufacturing Company Limited' (or other appropriate name) be entitled to receive from the Montreal Trust Company in exchange therefor $100 in cash and $100 par value of the bonds of said last-mentioned company for each share so transferred."

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ROBT. BRYDIE

Q. I notice that the memorandum of the offer to purchase came from Sir Herbert Holt and Sir Charles Gordon, who personally offered $200. a share to be paid one-half in bonds and one-half in cash, and the matter was explained fully. Now, I am wondering if Sir Herbert Holt and Sir Charles Gordon were the purchasers of the company how the transfer was made from them to the new company ? Do you think you could just look up a complete memorandum on this ? A. Surely.

Q Mr. Kellock gave me one in regard to the Penman Company.

MR. KELLOCK: It will save time.

MR. McRUER : It will save a lot of time. We do not need to go through the minute book. All right, thank you, that is all.

THE COMMISSIONER: Well, we will take a few moments.

-- The Commission adjourned for a short recess.

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-- The Commission adjourned for a short recess.

Proceeding follows.

ENOCH W. DAVIES, Sworn,

EXAMINED BY MR. McRUER:

Q. Is this sheet that you present the cost sheet for this cloth No. 4556? A. Right.

Q. And it says your 3927 or --- A. That was the old number before it was put under arrangement---

THE COMMISSIONER: Cost sheet of what company?

MR. McRUER: Paton Manufacturing Company.

Q. It is the cost sheet of the Paton Manufacturing Company? A. Yes.

Q. What is your office with the Paton Manufacturing Company? A. Cost Accountant.

Q. Now, is this dated? A. Yes.

Q. What date? A. July 10th, 1933.

-- Exhibit 786: Cost sheet of Paton Manufacturing Company for No. 4556, dated July 10, 1933.

Q. Have you got similar sheets down to date? A. Right on the back.

Q. Well, of course, the ones on the back are a sort of abridgement, are they not? A. Well, that is standard. As long as the manufacturing costs do not change I don't need to make another set. It is only a matter of variation, market price of stock.

Q. Do you say that those costs actually tie into the financial records of the company or are they projected costs that you work to? A. Part of the system will be projected figure.

Q. Part of it is on projected figure, costs that you work on?

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
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Q. Is this sheet that you present the cost sheet for this cloth No. 45509? A. Right.

Q. And it says your 3327 or --- A. That was the old number before it was put under arrangement---

MR. COMMISSIONER: Cost sheet of what company?

MR. MONK: Paton Manufacturing Company.

Q. It is the cost sheet of the Paton manufacturing Company? A. Yes.

Q. What is your office with the Paton Manufacturing Company? A. Cost Accountant.

Q. Now, is this dated? A. Yes.

Q. What date? A. May 12th, 1942.

-- Exhibit 736: Cost sheet of Paton Manufacturing Company for No. 45509, dated May 12, 1942.

Q. Have you got similar sheets down to date?

A. Right up to the book.

Q. Well, of course, the ones on the back are a sort of auditorement, are they not? A. Well, that is standard. As long as the manufacturing do not change I don't need to make another set. It is only a matter of variation, market price of stock.

Q. Do you say that those costs actually tie into the financial records of the company or are they pro-jected costs that you work to? A. Part of the system will be projected figures.

Q. What of it is the projected figure, costs that you work to?

A. Yes, based on experience of previous years actual expenditures.

Q. But they do not tie in with the records of the Company as the cost? A. No, because the records of the Company would be the actual and these are standard.

Q. These are what we call standard and not actual? A. Well,---

MR. KELLOCK: Get his answers.

MR. McNUM: Q. Have you got the actual costs? A. No, I have not because there is no actual costs, not by individual styles, you are taking one class out of all the styles they make and that is based on the standard system. We have no actual cost for each individual style worked up.

Q. Take on the first item, - I am not giving details of this, but the labour is in one column, mill overhead in another and head office overhead in another. The head office and mill overhead comes to - well, within one point of practically all what the labour is? A. Yes.

Q. Well, the labour would be about --- A. You want to get the vision over the whole, there it is at the bottom.

Q. I am just dealing with the head office? A. Here is head office. These are by processes and that is the total, plus 64½ will give you total office fixed charges as against grand total of the cost,

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Q. Then, would we take it that the Head Office would be responsible for the costs?

A. No, because the records of the Company would be the mutual and these are stored.

Q. There are quite a few items shared and not mutual?

A. Well,---

MR. GILLOOLY: Get his answers.

MR. MONDELET: Q. Have you got two mutual companies?

A. No, I have not because there is no mutual company, not by individual styles, you can take one style out of all the styles they make and that is based on the assessed system. We have no mutual cost for each individual style worked up.

Q. Take on the first item, - I am not giving details of this, but the labour is in one column, mill overhead in another column and head office overhead in another. The head office and mill overhead comes to - well, within one point of practically all what the labour is?

A. Yes.

Q. Well, the labour would be about --- A. You want to put the vision over the whole, there it is at the bottom.

Q. I am just dealing with the head office?

A. Here is head office. There are by processes and [illegible]

if you want the percentage of it.

Q. Now, there is nothing in here to show what is included in head office? A. That is all the item distributed, pooled together.

Q. We have nothing on this sheet that tells how the head office overhead or mill overhead is made up? A. No, because that is a style costing.

Q. Well then, is this by the piece or by the yard? A. By the yard, finished yard.

Q. Well, what is included in all this for profit? A. The difference between the profit --- well, the--

Q. If you sold on these costs you would make a profit, would not you? A. On that cost?

Q. Yes? A. No, because the cost is not the selling price.

Q. What I mean is - we were told yesterday that the cost included yield on preferred stock, for instance A. Right.

Q. Well then, if the cloth includes interest on preferred stock if you sell at the cost you make a profit because when a man draws interest on his preferred --- A. If you want to call it profits you have to pay somebody that lends you money.

Q. Well, the tariff board will not recognize that - they do not recognize it? A. You can have it any ~~wye~~ way you like.

Q. All I am getting at is if you sell at what you call cost there then there was something for profit

in the sense - we will be accurate in it - in the sense of interest on preferred stock, and bond interest is another? A. Right.

Q. It is in there? A. Yes.

Q. And depreciation is in it? A. Yes, sir.

Q. And depreciation at the appraised value of the plant is in it? A. No.

Q. Depreciation taken at the appraised value? A. No, not the exact figure, it is lower.

Q. When you say lower, you mean lower than 10% of the appraised value? A. Well, around about that. Lower than the figure I get from the Secretarial Department.

Q. I do not care what figure you get from the Secretarial Department. But if you took it at the appraised value of the plant starting from 1933, did you work on 10% basis? A. I cannot answer you any questions about what you are talking about appraisal, I am talking about figures handed to me.

Q. It is all very complicated if it is just figures that are handed to you that you cost on. Then if that plant had been depreciated over a number of years up to 1923, and then it is sold out to a new company and an appraisal made writing up the value of the plant and you start to depreciate it again, when arriving at the cost you have got quite an item of depreciation in it? A. I don't know anything at all about that. That has nothing to do with my

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in the sense - we will be accounts in it - in the sense of interest on retained assets, and bond interest is another?

Q. It is in there? A. Yes.

Q. And depreciation is in it? A. Yes, sir.

Q. And depreciation at the appraised value of the plant is in it? A. No.

Q. Depreciation taken at the appraised value?

A. Why, the exact figure, I'm sure.

Q. When you say lower, you mean lower than 10% of the appraised value? A. Well, around about 5%, lower than the figure I get from the Departmental Department.

Q. I do not care what figure you get from the Departmental Department. But if you took it at the appraised value of the plant starting from 1913, did you work on 10% basis? A. I cannot answer you any questions about what you are talking about appraisal.

Q. It is all very complicated if it is just figures that are handed to you that you count on. When it went plant had been depreciated over a number of years up to 1913, and then it is sold out to a new company at an appraisal made writing up the value of the plant and you start to depreciate it again, when starting at one cent you have got only to an item of depreciation in it? A. I don't know anything.

department.

Q. Well, at any rate it is fair to say that on this particular fabric that was dealt with in these telegrams and on the date in which the Dominion Woollens and Worsteds were asked to increase their price from $2.35 to $245, at the $2.45 it showed a profit over and above the cost here of 20 cents a yard? A. Are you referráng to those?

Q. Yes, your cost, 285 44 ? A. Yes.

Q. And the price that Dominion Woollens and Worsteds were asked to charge was $2.45? A. That shows a cost of 2.25 against a selling price of 2.45 but that 2.25 does not include allowances for goods that are made imperfectly or anything like that.

Q. Yes, we had this yesterday? A. That does not make that into a profit of 20 cents a yard. There are other things have got to come from there that you do not know what they are until the actual thing takes place.

Q. You have taken care of bond interest and preferred stock interest? A. Yes.

Q. And all that? A. Yes.

Q. And then you cannot tell me what these other things are? A. I can tell you what they are, but you can only find them out over years of operations.

Q. And these are projected costs that you work to?- if you work to them and make a profit you will come

out on the right end? A. Provided we operate at capacity.

Q. These are based on 90% capacity, I think Mr. Dodds said? A. Yes, we have to run 100% to get 90% because there is loss, even though the work people earn 100% of the time the machinery does not give you 100% production.

Q. So that when Mr. Dodd was telling us this morning that their price agreement was so that they would not make losses, if they were going to make these costs they had to run to 100%? A. 100% is right but you do not actually get it because a machine has to stop at times to---

Q. The best you would do would be 90%? A. That would average out if possible ---

BY MR. KELLOCK:

Q. And insofar as you do not operate at 90% what effect has that on the actual cost? A. That we would not earn our fixed charges to the ratio of that 90%.

Q. And that means your costs go up? A. Absolutely.

Q. And then you told my friend that this basis of cost was a standard basis? A. Right.

Q. Have you any other way of ascertaining what your actual cost is? A. Not by the individual style, by the pool of the manufacturing.

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out on the right end? A. Provided we operate at capacity.

Q. You are using up capacity, aren't you?

A. Yes, we have to run long to get our income there is loss, even though the people earn less of the time the machinery does - it give you less production.

Q. So that when Mr. Doyle was telling us this morning that their price agreement was so that they would not make losses, if they were going to make there costs they had to run to loss? A. Less is right but you do not actually get it because a machine has to stop at times to---

Q. The best you would do would be stop? A. That would average out if possible ---

BY Mr. KELLOCK:

Q. And incorrect as you do not operate at 50% what effect has that on the actual cost? A. That we would not earn our fixed charges to the ratio of that 50%.

Q. And that means your costs go up? A. Absolutely.

Q. And then you told my friend that this basis of cost was a standard basis? A. Right.

Q. Have you any other way of ascertaining what your actual cost is? A. Not by the individual plant, by the consolidation.

Q. That is, if you want to know your costs on any individual cloth there is no other way of ascertaining it except the way you have outlined? A. Well, that would be on the standard. I would have to show what I call an operating cost sheet, showing production of every style of cost made and I would get a pool figure of expenditure ---

Q. Do I understand this: that you can find your actual cost for your entire production? A. Yes.

Q. But if you want to ascertain your actual cost for any particular cloth there is no other way of doing it except what you call this standard cost? A. That is right.

Q. And in using that standard cost you say that is based on experience? A. Yes.

Q. And what is the object of using that standard cost to enable you to know what your actual cost is? A. The object is - to work out on standard cost you have so much machinery and such a complement of help that if you did not operate up to capacity, that is, on full standard week, then you will never earn your prices and then if you base your cost on the previous year's experience on short operations, then up would go your costs again and then in a couple of years you would be out of business altogether.

Q. In other words, what you call a standard cost

that would be on the standard. I would have to show what I call an operating coast sheet, showing production of every style of coat made and I would get a pool figure of expenditure ---

Q. Do I understand this: that you can find your actual cost for your entire production? A. Yes.

Q. But if you want to ascertain your actual cost for any particular cloth there is no other way of doing it except what you call this standard cost?

A. That is right.

Q. And in using that standard cost you say that

A. Yes.

Q. And what is the object of using that standard cost to enable you to know what your actual cost is?

A. The object is - to work out on standard cost you have so much machinery and such a complement of help that if you did not operate up to capacity; that is, on full standard week, then you will never only your prices and then if you base your cost on the previous year's experience on short operations, then no would go your costs again and then in a couple of years you would be out of business altogether.

Q. In other words, that you fail a standard as

is to tell you what your actual cost is? A. To tell you what --- The standard cost is, in strict accounting, it is to tell you, give you an estimate of what it will cost to make a fabric on full equipment operating full time. That means a standard week, whatever standard week may be in any particular branch of industry. Therefore, that is a guide to tell you what you can produce that cloth at. It does not tell you that your cost is your selling price because your selling price sometimes is lower than your cost in meeting competition. Therefore you have got that as a base from the actual money invested in the machinery and buildings and you have got to pay interest every day whether running short time or whether running standard time, and therefore if you do not run on that standard base you do not earn the money invested in the Company.

Q. In other words, your standard base is as close as you can possibly get to any particular cloth what the actual cost is? A. No, you do not get what I mean. If that plant had run at 40% of operations then your standard cost is nothing like your actual cost.

Q. Quite so, but your actual cost is much higher? A. Your actual cost goes up practically in ratio, fixed yardage goes up.

(Page 11125 follows)

is to tell you that your actual cost is? A. To tell you what --- The standard cost is, in strict accounting, it is to tell you, give you an estimate of what it will cost to make a fabric on full equipment operating full time. That means a standard week, whatever standard week may be in any particular branch of industry. Therefore, that is a guide to tell you what you can produce that cloth at. It does not tell you that your cost is your selling price because your selling price can them is lower than your cost in certain conditions. Therefore you have got that on a basis that normal money invested in the machinery and building, and you have got to pay interest every day whether running short time or whether running overload time, and therefore if you do not run on that standard base you do not earn the money invested in the company.

Q. In other words, your standard base is on single as you can possibly get to any particular cloth what the normal cost is? A. No, you do not get what I mean. If that plant had run at 40% of operations then your standard cost is nothing like your normal cost.

Q. Quite so, but your actual cost is much lighter?

A. That is true, yes.

Q. Quite so, but if we assume that you are and have been running at one hundred per cent then your standard cost figure is as x close as you can possible get to your actual cost?

A. Then you get a reconciliation between the actual operation cost and the standard cost.

Q. Is or is not bond interest an item of cost? A. Different authorities vary and disagree. Mr. McRuer would not allow it.

MR. McRUER: You do not know what I might do.

MR. KELLOCK: I do not know whether you regard Mr. McRUER as one of the authorities on this point.

THE WITNESS: I was judging from what I have read.

BY MR. KELLOCK: Q. When you put your bond interest in your costs or exclude it, my question was, is or is not bond interest and an item of cost. A. It is an item of expense in my opinion.

Q. All right, thank you.

THE COMMISSIONER: Are you going to ask the witness about the justification of depreciation based upon the appraised value of the plant. You remember that that question arose yesterday.

BY MR. KELLOCK: Q. In connection with the item of depreciation in those costs, you say that your starting point is what? A. The figure that I get from the secretarial department.

Q. And that figure is what? A. From memory?

Q. No, but the actual figure, what does it

Q. No, but the actual figure, what does it

figure that I get from the secretarial department.

Q. And that figure is what? A. From

the item of depreciation in those coats, you may

BY MR. MILLOCK: Q. In connection with

witness about the justification of depreciation

THE COMMISSIONER: Are you going to ask the

cost. A. It is an item of expense in my

interest in your coats or exclude it, my question

BY MR. MILLOCK: Q. When you put your bond

Q. Quite so, but if we assume that you are

and have been running at one hundred per cent then

your standard coat figure is as close as you

can possible get to your actual cost?

A. Then you get a reconciliation between the

actual operation cost and the standard cost.

Q. Is or is not bond interest an item of

cost? A. Different authorities vary and

MR. MORDEN: You do not know what I might do.

MR. MILLOCK: I do not know whether you

regard Mr. Gould K as one of the authorities on

this point.

THE WITNESS: I was just going from what I have

read.

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represent? A. It represents the amount that they are prepared to set up to try and earn in their costs. What it is based on I am not prepared to say because that is outside my department altogether. It is handed to me from the financial end of the company.

Q. And you could not explain that at all? A. I could not explain it at all.

BY MR. McRUER: Q. Were any of your swatches taken before the tariff board for the purpose of costs? A. Yes, I believe they were.

Q. Were you before the tariff board? A. No.

Q. All right, thank you.

MR. McRUER: Before I proceed with Mr. Dodd, my lord, I want to get something off my hands lest I forget about it. It is in connection with the discussion on the Celanese company as to what happened to the application of Mr. Sparks to the tariff board. Mr. Sparks made application in 1934.

THE COMMISSIONER: Did Mr. Sparks make application on behalf of a particular company?

MR. McRUER: No, on behalf of a certain group of weavers of silk for a reduction in the tariff on acetate yarns.

THE COMMISSIONER: And Celanese were on the other side?

MR. McRUER: They were on the other side. They were opposed to it. I have a clipping here dated May 18, 1934, from I think the Textile Journal, which gives what I think is an accurate

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represent? A. It represents the amount that they are prepared to set up to try and earn in their costs. What it is based on I am not prepared to say because that is outside my department altogether. It is handed to me from the financial end of the company.

Q. Can you really not explain that at all?

A. I could not explain it at all.

BY MR. McGUIRE: Q. Were any of your questions taken before the tariff board for the purpose of costs? A. Yes, I believe they were.

Q. Were you before the tariff board?

A. No.

Q. Oh please, think yes.

MR. McGUIRE: Before I proceed with Mr. Dowd, My Lord, I want to get something off my brain lest I forget about it. It is in connection with the discussion on the reference company as to what happened to the application of Mr. Sperra to the tariff board. Mr. Sperra made application in 1934.

THE COMMISSIONER: Did Mr. Sperra make application on behalf of a particular company?

MR. McGUIRE: No, on behalf of a certain group of weavers of silk for a reduction in the tariff on rosette yarns.

THE COMMISSIONER: And Colonel were on the other side?

MR. McGUIRE: They were on the other side. They were opposed to it. I have a clipping here dated May 16, 1934, from I think the Textile Journal, which gives what I think is an accurate

account of the disposition of that matter before the tariff board. An interim report was brought down in 1934.

THE COMMISSIONER: Has there been a final disposition? Mr. Berry can perhaps tell us about it.

MR. McRUER: There was a reduction in acetate yarns and rayon yarns following this report, and then along came the report of 1936 and there was a reduction of duty.

THE COMMISSIONER: A further reduction?

MR. McRUER: Yes. The item was split so that acetate yarns were not subject to the same duty as viscose yarns.

THE COMMISSIONER: Viscose and cellulose.

MR. McRUER: Yes, my lord. The article is as follows:

"An interim report on the Rayon Yarn Tariff Reference handed down by the tariff board was tabled in the House of Commons on Wednesday of this week. The Board recommends a reduction in the British preferential tariff rate on imports of artificial silk yarns from 25 to 20 per cent, or from 28 cents per pound specific to 20 cents per pound. Intermediate and general rates are left unchanged.

The application for reduced tariff rates was made by R. P. Sparks in December last on behalf of Canadian broadsilk weavers.

In a review of the evidence presented at the hearing the Board in its report to the

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account of the disposition of that matter before
down in 1954.

THE COMMISSIONER: Has there been a final disposition? Mr. Berry can perhaps tell us about it.

MR. MORDEN: There was a reduction in ancestor yarns and rayon yarns following this report, and then along came the report of 1956 and there was a reduction of duty.

THE COMMISSIONER: A further reduction?

MR. MORDEN: Yes. The item was split so that ancestor yarns were not subject to the same duty as viscose yarns.

THE COMMISSIONER: Viscose and cellulose.

MR. MORDEN: Yes, my Lord. The article is as follows:

"An interim report on the Rayon Yarn Tariff Reference handed down by the tariff board was tabled in the House of Commons on Wednesday of this week. The Board recommends a reduction in the British preferential tariff rate on imports of artificial silk yarns from 25 to 30 per cent, or from 80 cents per pound specific to 80 cents per pound. Intermediate and general rates are left unchanged.

The application for reduced tariff rates was made by R. P. Sparks in December last on behalf of Canadian rayon yarn users.

In a review of the evidence presented at the hearing the Board in its report to the

Minister of Finance declared, 'there is no cellulose acetate yarn industry in Canada to protect,' but it is pointed out that there was at Cornwall, Ont., a branch of a large British firm, of world-wide fame, Courtaulds (Canada) Limited, making viscose yarns. They are not really affected by the change although they were represented at the hearing in opposition to the application.

The board in its conclusion said: 'The board is of the opinion that the applicants have made out a case justifying a reduction of the duty on cellulose acetate yarns but that to remove this duty would affect seriously Courtaulds (Canada) Limited. The board, therefore, is of the opinion that pending completion of the inquiry the position of Courtaulds (Canada) Limited would not be jeopardized if the rates were as follows: British ~~xxxxxxxxxx~~ Preference, 20 per cent, and 20 cents per pound; intermediate, 30 per cent and 28 cents per pound; and general, 35 per cent, and 28 cents per pound."

THE COMMISSIONER: We do not know what the previous rates were?

MR. McRUER: As far as the intermediate and general were concerned, there was no change at that time. It goes on:

"The board is also of the opinion that in view of the protection enjoyed on artificial silk yarns and the situation in

Minister of Finance declared, 'there is no
continuous constant yarn industry in Canada to
protect,' but it is pointed out that there has
[illegible] a branch of a large
British firm, of world-wide fame, Courtaulds
(Canada) Limited, making viscose yarns. They
are not really affected by the change al-
though they were represented at the hearing
in opposition to the application.

The Board in its conclusion said: 'The
Board is of the opinion that the applicants
have made out a case justifying a reduction
of the duty on continuous rayons but
that to remove this duty would affect
[illegible] Courtaulds (Canada) Ltd. The
Board, therefore, is of the opinion that
pending a solution of the inquiry the posi-
tion of Courtaulds (Canada) Limited would
not be jeopardized if the rates were as
follows: British Preferential Preference, 20
per cent, and 20 cents per pound; Inter-
mediate, 30 per cent and 36 cents per pound;
and General, 35 per cent, and 36 cents per
pound."

THE COMMISSIONER: We do not know what the
previous rates were?

MR. MONDOR: As far as the Intermediate and
General were concerned, there was no change at
that time. It goes on:

"The Board is also of the opinion
that in view of the protection enjoyed on
artificial silk yarns and the situation in

respect to Courtaulds (Canada) Limited the Canadian Celanese Limited should sell cellulose acetate yarns not further advanced than singles, to Canadian buyers at prices which would be regarded as putting other Canadian weavers in a position fairly competitive with themselves.'"

That last paragraph is in quotation marks, being an extract from the Board's finding. It goes on:

"In the House of Commons on Wednesday, tariff item No.558f relating to imports of spun rayon yarns, as contained in the recent budget, was amended to conform with the present tariff item No.558b in accordance with the Tariff Board recommendation."

and so on.

THE COMMISSIONER: Is that document of any interest now?

MR. McRUER: The interest it has, my lord, as I see it, is this. Mr. Sparks, acting on behalf of these mills, put forward his case to the Tariff Board that they were unable to buy these cellulose acetate yarns from the Celanese company at commercial prices, and this finding of the tariff board is substantially a finding in their favour. That is really the value of it. That was their case as put before the Tariff Board.

THE COMMISSIONER: And that finding remains final?

MR. McRUER: It did until the whole thing

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respect to Courtaulds (Canada) Limited the
Canadian Celanese Limited would sell
cellulose acetate yarns not further ad-
vanced than single, to Canadian buyers at
prices which would be regarded as putting
other Canadian weavers in a position
fairly competitive with themselves."
That last paragraph is in quotation marks,
being an extract from the Board's finding. It
goes on:

"In the terms of Commons on Wednesday,
tariff item No.530f relating to importa of
spun rayon yarns, as contained in the present
budget, was amended to conform with the
present tariff item No.530b in accordance
with the Tariff Board recommendation."
and so on.

MR. COMMISSIONER: Is that document of any
interest now?

MR. [illegible] the interest it was, my lord,
as I see it, in this. Mr. Spence, acting on
behalf of these mills, put forward his case to
the Tariff Board that they were unable to buy
these cellulose acetate yarns from the Celanese
company at a unreal prices, and this finding of
the Tariff board is substantially a finding in
their favour. That is really the value of it.
That was their case as put before the Tariff
Board.

MR. COMMISSIONER: And what findings
were they?

MR. McLEAN: It did until the whole thing

was further investigated, and then the tariff item wassplit in two and the duty on acetate yarns was still further lowered until it became five per cent.

THE COMMISSIONER: What paper is that from?

MR. McRUER: From the Textile Journal, my lord.

EXHIBIT 787: Extract from the Textile Journal re Tariff Board's interim report on rayon yarn reference.

MR. KELLOCK: My lord, I have a matter that I should like to mention before it is overlooked. The commission has had a lot of evidence and information as to mills in the industry which are actually functioning and have continued to function, but so far as I know there has been no effort made to put before the commission any information as to mills which over a period of years have gone out of business, and I submit, my lord, that in order that the whole picture may be before the commission some effort should be made to put that information before you.

THE COMMISSIONER: Have you made an effort in that direction?

MR. KELLOCK: We have made an attempt, my lord, but it is difficult in this way. There are certain sources of information such as Dun & Bradstreets which show the mills that have gone out of business.

THE COMMISSIONER: What do you mean by going out of business? Do you mean mills that have failed, or that have been closed as a result of mergers, and so on?

MR. Kellock: It means mills that have actually gone out of business, not necessarily gone into bankruptcy, because so far as our examination goes we find this situation. A certain mill will be operated for a time and then get into difficulties, and then there will be a reorganization and it will continue to function for a time, and then after a while the same thing will happen over again without any actual bankruptcy, or a mill may go out of business without an actual bankruptcy.

But there is one source of information. There is apparently a publication called the Official American Textile Directory, and it shows that between 1923 and 1934 some one hundred mills that were in business in 1923 are not in business to-day.

THE COMMISSIONER: In Canada?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: In 1923 ?

MR. KELLOCK: As between 1923 and 1934, and in that figure of one hundred are not included those mills such as I have just mentioned with a sorty of history of continuity that have changed hands or been reorganized once or more than once during that period.

THE COMMISSIONER: What does the one hundred mills comprise, mills that once existed and that no longer exist? Companies may change, but you are not referring to that? You are referring to the mill itself, to mills that once were working and now are not working?

MR. NELSON: It means mills that have actually gone out of business, not necessarily gone into bankruptcy, because so far as our examination goes we find this situation. A certain mill will be operated for a time and then put into difficulty and it will continue to function for a time, and again without any actual bankruptcy, or a mill may go out of business without an actual bankruptcy.

But there is one source of information. There is currently a publication called the Official American Textile Directory, and it shows that between 1952 and 1954 some one hundred mills that were in business in 1952 are not in business now.

THE CHAIRMAN: In Georgia?

MR. NELSON: In between 1952 and 1954.

Now in that figure of one hundred are not included those mills that we have just mentioned with a story or history of continuity that have changed hands or been reorganized once or more than once during that period.

THE CHAIRMAN: What does the one hundred mills you cite, mills that ought existed and that no longer exist? Companies may change, but you are not referring to that? You are referring to mills itself, to mills that once were [illegible] are not working?

MR. KELLOCK: I can put it this way: If a mill disappeared completely then it is in this one hundred, but if it is operating in entirely different hands it is not included.

THE COMMISSIONER: If the mill is operating we do not care who is operating it.

MR. KELLOCK: There is this factor, my lord, that in that period, even though a mill is still operating but in other hands, it may have been reorganized, it may have been sacrificed or something of that kind, and the shareholders who originally invested their capital in it may have lost it all -- the Brupbacher Company at St. Catherines is a case in point --

MR. McRUER: We have evidence of a company in Windsor that went into a merger, and that mill was closed. I think one of the objects of the merger was that they could operate better if the mills were all operated under one company and one were closed down.

MR. KELLOCK: That is an entirely different thing.

MR. McRUER: Would that mill not be shown as being closed?

MR. KELLOCK: No, it would show in this figure of one hundred as carrying along.

THE COMMISSIONER: Although it is not working?

MR. McRUER: It was closed.

MR. KELLOCK: If it is closed, it will be in this figure of a hundred.

THE COMMISSIONER: Your figure of one hundred

MR. K. LOCK: I can put it this way: If a mill disappeared completely then it is in this one hundred, but if it is operating in entirely different land it is not included.

THE CHAIRMAN: If the mill is operating we do not care who is operating it.

MR. K. LOCK: There is this factor, my Lord, that in that period, even though a mill is still operating but in other hands, it may have been reorganised, it may have been sacrificed or something of that kind, and the shareholders who originally invested their capital in it may have lost it all -- the Brynheuver Company at [illegible] --

MR. BRYDE: Be new evidence or a company in Windsor to sell wood into a merger, and that mill was closed. I think one of the objects of the merger was that they could operate better if the mills were all operated under one company and one were closed down.

[illegible]

MR. BRYDE: Would that mill not be shown as [illegible]

MR. MACLOCK: No, it would show in this figure of one hundred as carrying along.

THE CHAIRMAN: Although it is not working?

[illegible]

MR. K. LOCK: If it is closed, it will be in this figure of a hundred.

[illegible]: Your figure of one hundred

means not only mills actually closed but mills that are not being operated by the same people

MR. KELLOCK: No, my lord, if the mill is operating today it is not in this figure of one hundred.

THE COMMISSIONER: You mentioned Valleyfield, for instance.

MR. KELLOCK: The Brupbacher Company.

THE COMMISSIONER: Is that Valleyfield case in this one hundred?

MR. KELLOCK: No, because the Valleyfield Company are operating although the original shareholders lost every cent of their investment.

THE COMMISSIONER: If you want to put in a list showing where the original shareholders lost their money and let somebody else take their business over, you can put that in and it is welcome. I just want to know what is what, what this list of one hundred comprises. Does it comprise that sort of thing or is it only mills that are not working now?

MR. KELLOCK: That is all.

THE COMMISSIONER: On the other hand have you a list showing plants that exist now but that were not in existence in 1925?

MR. KELLOCK: No.

THE COMMISSIONER: There must be such.

MR. KELLOCK: There may be.

THE COMMISSIONER: Would not the one offset the other to a certain extent?

MR. KELLOCK: I do not know. I am only giving this figure of one hundred as an illustration of

means not only mills actually closed but mills that are not being operated by the same people

MR. A. LOCK: No, my lord, if the mill is operating today it is not in this figure of one hundred.

[illegible] the applicant Valleyfield,

for instance.

THE CHAIRMAN: Is that Valleyfield here in this one hundred?

A. A. LOCK: No, because the Valleyfield Company are operating although the original shareholders last owned [illegible].

THE COMMISSIONER: If you want to put in a list showing where the original shareholders lost their money and let somebody else take their business over, you can put that in and it is welcome. I just want to know what is what, what this list of one hundred comprises. Does it comprise that sort of thing or is it only mills that are not [illegible]

MR. A. LOCK: That is all.

THE CHAIRMAN: On the other hand have you a list showing plants that exist now but that were not in existence in 1929?

MR. A. LOCK: No.

THE CHAIRMAN: There must be such.

MR. A. LOCK: There may be.

THE CHAIRMAN: Would not the one affect [illegible] either to a certain extent?

MR. A. LOCK: I do not know. I am only giving this figure of one hundred as an illustration of

what is available from one source.

THE COMMISSIONER: It is a partial picture. I went to understand it. It shows the number of mills which were operating in 1923 and are not operating now?

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: That is all it shows.

MR. KELLOCK: I am just suggesting, my lord, that there may be other sources of information --my friend may have sources of information that I do not know of, and I think Your Lordship should have this information.

MR. McRUER: Mr. Berry is the best source of information I know.

THE COMMISSIONER: You are giving the information to us now.

MR. KELLOCK: I am not suggesting that it is the whole story. It is only what we have been able to find in the last few days.

THE COMMISSIONER: It must be part of a more general story. You show what mills are not operating now that were operating in 1923, and there may be mills operating now that were not operating in 1923. I do not know anything about that. There is another class for study, giving as an example the Valleyfield case, where a company could not carry on and somebody else took it over and carried it on.

MR. KELLOCK: I do not know where I could get that story, my lord.

THE COMMISSIONER: But you say that it is a thing we should have.

what is available from one source.

THE COMMISSIONER: It is a partial picture. I want to understand it. It shows the number of mills which were operating in Ivo, and are not operating now?

MR. KELLOCK: Yes, my Lord.

THE COMMISSIONER: That is all it shows.

MR. KELLOCK: I am just saying casting, my Lord, that there may be other sources of information --my friend may have sources of information that I do not know of, and I think Your Lordship should have all information.

MR. SCOTT: Mr. Berry is the best source of information I know.

THE COMMISSIONER: You are giving the information to us now.

MR. KELLOCK: I am not suggesting that it is the whole story. It is only what we have been able to find in the last few days.

THE COMMISSIONER: It must be part of a more general story. You mean that mills are not operating now that were operating in 1938, and there may be mills operating now that were not operating in 1938. I do not know anything about that. There is another class for study, giving as an example the Valleyfield case, where a company could not carry on and somebody else took it over and carried it on.

MR. KELLOCK: I do not know where I could find that story, my Lord.

THE COMMISSIONER: But you say that it is a thing we should have.

MR. KELLOCK: I submit so, my lord.

THE COMMISSIONER: In the meantime I will take this document.

MR. KELLOCK: I will have it prepared and put in.

THE COMMISSIONER: Does the industry itself keep statistics of its own being and existence from which we could get such information as you have suggested, Mr. Kellock, of companies such as the Valleyfield Company, and the end it came to, and so on. Has anybody compiled any such information?

MR. KELLOCK: No, my lord. Certain information may be had from Dun & Bradstreet but their records in that respect are not in any centralized form but are spread through different offices.

THE COMMISSIONER: Would the Department of Statistics have it?

MR. WHITELEY: We can compile a record showing what mills have reported at various dates, and how many have continued to report, and also changes of ownership.

THE COMMISSIONER: You might have a look at that.

MR. McRUER: Does this one hundred mills include secondary manufacturing mills, mills manufacturing dress goods and things of that kind?

MR. KELLOCK: Oh no.

MR. McRUER: They are not included. There was a small mill in operation in the village of Ayr, running a knitting mill up there

MR. A.E.DUNN: I submit so, my lord.

THE COMMISSIONER: In the meantime I will take this document.

MR. S.BLOOM: I will have it typed and put in.

THE COMMISSIONER: Now the industry itself has statistics of its own being and existence from which we could get such information as you have elicited, Mr. Bellows, of companies such as the Vedleyfield Company, and the end it came to, and so on. Has anybody compiled any such

MR. BELLOWS: No, my lord. Certain information may be had from such a document but their records in that respect are not in any centralized form but are spread through different offices.

THE COMMISSIONER: Would the Department of Statistics have it?

and has many have continued to report, and also changes of ownership.

MR. [illegible]: I'm might have a look at that.

MR. BLOOM: Upon this one hundred mills manufacturing dress goods and things of that

for a while, and then finding it not working very well it was closed. Would that be in the one hundred? It may or may not be; you cannot tell.

THE COMMISSIONER: Only if it was operating in 1923.

MR. KELLOCK: I do not know whether it had ever been of sufficient importance ever to get in this directory or not.

THE COMMISSIONER: You will put that information in a list for us.

MR. KELLOCK: Yes.

THE COMMISSIONER: And get any further information you can.

MR. McRUER: If we can be of any assistance in following it up we shall be glad to do it but I almost throw up my hands trying to find anything that Mr. Berry cannot find.

-- Adjourned at 12.30 P.M. to resume at 2.00 P.M.

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(Case Filed Follows)

ADVENANT 2 HRS P.M. LA COMMISSION CONTINUE.

PAR MTRE LANCTOT: Qu'il plaise à Votre Seigneurie, maintenant que Monsieur Beauregard, mon savant adversaire, je devrais plutot dire mon savant confrère est arrivé; nous avons causé hier ensemble et nous semblionsnous entendre pour faire entendre un témoin cet après midi. Nous avons un travail qu'il a fait, qui nous soumettons serait utile pour les fins de l'enquête. Répondant à l'invitation de votre Seigneurie à l'ajournement, nous avons fait préparer un travail qui donnerait l'inventaire de l'industrie primaire textile, de la façon qu'elle produit, et son importance eu égard aux autres industries. C'est un travail qui ne contient aucune controverse. Nous étions entendus avec Mtre Beauregard, nous lui avions donné un exemplaire hier soir, même avant que j'ai eu fini de le lire moi même, le travail lui a été passé, et nous sommes prets à faire entendre Monsieur François Nézina, avec son travail. Il est gradué de l'Université de Paris, et c'est un travail au point de vue économique regardant l'industrie elle même, et la place que peut tenir cette industrie au Canada et dans la Province de Québec, et les facteurs qui conditionnent les développements de l'industrie. Nous avons fait dans nos premières remarquesà Sherbrooke, manifesté l'intention de produire un travail comme celui là, et le travail est prêt maintenant, et nous désirerions le présenter à la Cour.

ROBT. BRYDIE
CHARTERED STENOGRAPHER
OTTAWA - CANADA

Mme P.H. La commission continue.

P.M. MRS LAWSON: Qu'il plaise à Votre Seigneurie, maintenant que Monsieur Beauregard, mon savant avocat, j'devrais plutôt dire mon savant confrère est arrivé; nous avons cause hier ensemble et nous nous sommes entendus pour faire entendre un témoin cet après midi. Nous avons un travail du'il a fait, qui nous soumettons serait utile pour les fins de l'enquête. Répondant à l'invitation de votre Seigneurie à l'ajournement, nous avons fait préparer un travail qui donnerait l'importance de l'industrie primaire textile, de la façon qu'elle procède, et son importance en égard aux autres indus-tries. C'est un travail qui ne contient aucune [illegible]. Nous avons [illegible] pour-vu, nous l'ai avions donné un exemplaire hier soir, même avant que j'ai eu fini de le lire moi même. Je trouvait lui a été utile, et nous sommes prêts à faire entendre Monsieur [illegible], sans [illegible] veil. Il est proche de l'importance de cette, et c'est un travail au point de vue économique regardant l'industrie elle même, et la place que peut tenir cette industrie au Canada et dans la Province de Québec, et les facteurs qui conditionnent les développements de l'industrie. Nous avons fait nous remarques succinctes, maintenant j'introduction de produire un travail comme celui là, et le travail est prêt maintenant, et nous demandons à procéder à la lecture.

PAR MTRE BEAUREGARD: J'ai en effet eu l'occasion de regarder un projet, ce que l'on m'a dit être le projet d'un projet, parce que ce n'etait qu'une copie, il a pu y avoir des modifications. Ce travail m'a plutot l'air d'un travail sur la question économique. - Notre savant ami dit qu'il ne contient pas de controverses...

PAR M.LE COMMISSAIRE: C'est un travail assez considérable.

PAR ME. BEAUREGARD. Oui et nous ne pourrions connaitre que les sources des renseignements.

PAR M.LE COMMISSAIRE: Vous voudriez faire entendre votre témoin au plus tôt. Je n'ai pas d'objection au témoin ni au travail.

PAR MTRE BEAUREGARD. Non, nous n'avons pas d'objection.

PAR MTRE BEAUREGARD: En ce qui regarde le travail il s'agit d'interroger le témoin si c'est nécessaire, quant aux sources de son travail.

PAR MTRE LANCTOT. Ce que nous pensions être de la controverse M.Vézina l'a retiré, c'est basé sur des faits.

PAR M.LE COMMISSAIRE: Dois-je comprendre que vous voulez le faire entendre tout de suit, alors il faudrait vous entendre avec M. McRuer.

PAR MTRE BEAUREGARD: M. McRuer a un témoin avec lequel il veut procéder.

PROF. BRYDIE
TORONTO - CANADA

PAR MTRE BLANCHARD: J'ai un objet en l'occasion de regarder un projet, ce que l'on m'a dit être le projet d'un projet, parce que ce n'était qu'une copie, il a pu y avoir des modifications. Ce travail m'a plutôt l'air d'un travail sur la question économique. - Notre savant ami dit qu'il ne connaît pas de cour overseas...

PAR M.LE COMMISSAIRE: C'est un travail accessoire.

PAR MTRE BLANCHARD. Oui et nous ne pouvons connaître que les sources ces renseignements.

PAR M.LE COMMISSAIRE: Vous voudriez faire entendre votre témoin au plus tôt. Je n'ai pas d'opposition au témoin ni au travail.

PAR MTRE BLANCHARD. Non,nous n'avons pas d'objection.

PAR MTRE BEAUCHAMP: En ce qui regarde le travail il n'y a pas d'intérêt le témoin n'est nécessaire, quant aux sources de son travail.

PAR MTRE LAMONT. Ce que nous pensions être de la contravers M.Vézina l'a retiré, c'est basé sur ces faits.

PAR M.LE COMMISSAIRE: Dois-je comprendre que vous voulez le tout entendre tout de suite, plûtôt il faudrait vous entendre avec M. Monier.

PAR MTRE BEAUCHAMP: M. Monier a un témoin avec lequel il veut procéder.

THE COMMISSIONER: Do you understand what is going on, Mr. McRuer ? Mr. Lanctot has a witness on some general aspects of the inquiry. Mr. Beauregard is prepared to let that witness go on now but whether it should be immediately or after you have finished with Mr. Dodd is the question.

MR. McRUER: Well, I prefer to finish with Mr. Dodd. How long will this take ? I have Mr.Thompson who has been here waiting.

THE COMMISSIONER: As I understand it it is a ong study of the problem in Canada and I do not suppose Mr. Beauregard willbe prepared to cross-examine very lengthily until he has studied it himself, so I don't think it will take very long to-day, will it ?

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POST BRYDGES
CANADA

PAR MTRE LANCTOT. Ca ne prendrait pas longtemps,nous pourrions faire la production avec les titres de Monsieur Vézina.

PAR M.LE COMMISSAIRE: Et l'examen pourrait être remis à plus tard,l'examen pourrait avoir lieu lundi.

PAR MTRE BEAUREGARD: Oui,lundi.

PAR MTRE LANCTOT: Est-ce que Votre Seigneurie doit être à Montréal lundi?

PAR M.LE COMMISSAIRE:Oui.

PAR MTRE LANCTOT.Est-ce qu'il y auarait possibilité pour lundi après midi?

PAR MTRE BEAUREGARD:Nous serions ici si nous n'épuisions pas la matière,en autant que je suis concerné,il est possible.

PAR MTRE LANCTOT.

Nous serions prêts à revenir demain.

PAR M.LE COMMISSAIRE: Il faudra donner un certain à M.Beauregard pour qu'il puisse se familiariser avec le document.

PAR MTRE LANCTOT: Il ne pourrait pas le contre-interroger même demain.

PAR M.LE COMMISSAIRE:Nous serons ici lundi, mais il n'est pas sûr que nous soyions ici lundi après midi.

PAR MTRE BEAUREGARD: Admettons qu'on y sera.

PAR M.LE COMMISSAIRE.Nous pourrons fixer ça lundi après midi,s'il n'y a pas autre chose,nous reviendrons pour ça.

VEZINA.

A COMPARU: ARMAND VEZINA.

LEQUEL témoin est assermenté.

INTERROGE PAR Me LAFLEUR.

Q M. Vezina, modestie à part, voulez-vous nous dire, en laissant de coté la modestie, votre titre universitaire et vos fonctions, vos occupations?

R Je suis Bachelier ès-arts, licencié en philosophie, licencié en sciences commerciales, diplomé de l'Ecole Libre des sciences politiques de Paris. Je suis actuellement professeur à l'Ecole des Hautes Etudes Commerciales de Montréal.

Q Qu'enseignez-vous? R La géographie économique le jour et le soir l'économie politique, et professeur à l'Ecole des sciences sociales économiques et politiques de l'Université de Montréal, je leur enseigne la production.

Q Avez-vous été consulté par d'autres bureaux en d'autres matières? R En 1933,1934, par la Commission du tarif, pour l'enquête sur la chaussure et en 1935 pour l'enquête sur les soies.

Q Comme économiste? R Oui.

Q Avez-vous eu occasion de préparer un travail sur l'industrie textile primaire? R Oui, j'ai préparé un travail assez considérable sur cette industrie.

Q C'est un travail qui couvre ~~xxxxx~~ trente-neuf pages?

R Oui, exactement, sans compter les tableaux.

Q Qui y sont attachés? R Oui.

Q C'est sur les grandes lignes?

R Le travail comporte d'abord un inventaire de l'industrie textile primaire au Canada et dans la

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
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Province de Québec n'est-ce pas, dans l'ensemble de l'industrie d'abord et ensuite la part de cette industrie textile dans l'ensemble des industries manufacturières en Canada et dans la Province de Québec.

Q La place que tient cette industrie là?

R Oui. Pour mieux montrer cette place de l'industrie, j'ai essayé de faire un inventaire de l'industrie dans les principaux centres textiles de la Province de Québec, dans la deuxième partie du travail j'ai cherché à montrer les facteurs qui conditionnent le développement de l'industrie textile, c'est à dire les problèmes de matières premières, les problèmes du salaire et d'emploie, le problème des capitaux engagés, et la question du marché lui même, dont dispose l'industrie, la concurrence et les prix de revient de l'industrie.

Q Voulez-vous produire ce document comme pièce No.788? R Oui.

EXHIBIT 788. RAPPORT préparé par le témoin l'inventaire et la condition de l'industrie textile en Canada et dans la Province de Québec

Q Tout ce travail est basé sur vos connaissances personnelles et les meilleures sources d'informations obtenables? R Oui.

PAR MTRE BEAUREGARD: Voici je crois aussi bien qu'il faudrait ajourner pour ce témoin.

PAR M.LE COMMISSAIRE: Oui, à lundi après midi à 2 heures.

PAR MTRE LANCTOT. Est-ce que votre Seigneurie désireriez que le travail fut lu.

PAR M.LE COMMISSAIRE:Ce n'est pas nécessaire du tout.

NOEL BRYDIE
Chartered Stenographic Reporter
TORONTO - CANADA

Monsieur de Québec n'aimerait pas, dans l'ensemble de l'industrie d'abord et ensuite la part de cette industrie textile dans l'ensemble des industries manufacturières au Canada et dans la province de Québec?

Q La place que tient cette industrie là?

R Oui. Pour mieux montrer cette place de l'industrie, j'ai essayé de faire un inventaire de l'industrie dans les principaux centres de la province de Québec, dans la deuxième partie du travail j'ai cherché à montrer les facteurs qui conditionnent le développement de l'industrie textile, c'est à dire les problèmes de matières premières, les problèmes de salaire et d'emploi, le problème des capitaux engagés, et la question du marché lui même, dont dispose l'industrie. La concurrence et les prix de revient de l'immatriz.

Q Voulez-vous procéder de document comme pièce.

Pièce 109, MARCHAND présente par le témoin l'inventaire et la construction de l'industrie textile au Canada et dans la province de Québec

Q Tout ce travail est basé sur vos connaissances personnelles et les enquêtes faites d'ailleurs

obtenables?

R Oui.

CAN MEMB ADJOURNED: Vous le croyez aussi bien qu'il faudrait ajourner pour ce témoin.

R Oui, j'aurai aussi à faire

PAR MTRE LAMONTAGNE: Est-ce que votre jugement dépendrait de ce que le travail fut fait.

PAR MTRE CHEMAYER: Ce n'est pas nécessaire le tout.

PAR M.LANCTOT: Ce serait de l'interroger que de l'entendre lire.

PAR M.LE COMMISSAIRE: Vous avez le droit.

PAR MTRE LANCTOT. Nous préférerions qu'il fut lu.

PAR M.LE COMMISSAIRE:Nous ferons la lecture du document.

M.Beauregard aura l'avantage de passer ses loisirs de fins de semaine à l'étudier.

PAR M.LE PRÉS.: Je donne la parole à l'interprète de la défenderesse.

PAR M.LE CONSEILLER: Vous avez la parole.

PAR Me [illegible]: Vous entendrez qu'il fut [illegible].

PAR M.LE CONSEILLER: Vous ferez la lecture de votre document.

M.Bourgeois sera l'occasion de passer ses [illegible] de fins de semaine à l'étranger.

MR.BALLANTYNE: My lord, might I interrupt the proceedings for a minute. On Tuesday last there was some evidence given by a weaver from Montmorency and the Secretary of the Union there and Abbe Cote. You asked Mr. Gordon to get some information for you. What I am asking now is would it be convenient for the Commission if I have the superintendent of the plant here tomorrow morning to give your lordship the information for which you asked ?

THE COMMISSIONER: What is the information?

MR. BALLANTYNE: You asked, my lord -- the weaver Boutet said that according to his pay envelopes his wages had been reduced since the Commission was sitting there.

THE COMMISSIONER: He was earning less. He said he was earning less now than he had been earning last April.

MR. BALLANTYNE: Yes. Well, my instructions there are there has been absolutely no reduction in wages at all. This man's production has fallen, but the other weavers, as he himself said, are earning the same basic wage.

THE COMMISSIONER: Yes, he says that some of his companions are earning from $40. to $45. a fortnight.

MR. BALLANTYNE: Yes, that is quite true. This man's production has fallen for some reason. My instructions are that the foreman and the assistant foreman, who is Boutet's brother-in-law, have both done their best to help him but he has just not been up to the work recently, and he has not been earning as much

proceedings for a minute. On Tuesday last there was some evidence given by a weaver from Von Mooney and the Secretary of the Union there and Abbe Cote. Von asked Mr. Gordon to get some information for you. What I am asking now is would it be convenient for the Commission if I have the superintendent of the plant [illegible] going to give your lordship the information for which you asked ?

THE COMMISSIONER: What is the information?

MR. BLAKENEY, Q.C.: You asked, my Lord -- the weaver Boutet said that according to his pay envelopes his wages had been reduced since the Commission was sitting there.

THE COMMISSIONER: He was earning less. He said he was earning less now than he had been earning last [illegible].

[illegible] are there has been absolutely no reduction in wages at all. This man's production has fallen, but the other weavers, as he himself said, are earning the same basic wage.

THE COMMISSIONER: Yes, he says that some of his companions are earning from $40. to $45. a fortnight.

MR. BLAKENEY: Yes, that is quite true. This [illegible] assertions are that the foreman and the assistant foreman, who is Jean's brother-in-law, [illegible] the work recently, and he has not been earning as much

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as the other weavers but there has been no reduction of the wages at any time at all.

THE COMMISSIONER: Evidently he is the only witness who has brought that claim forward.

MR. BALLANTYNE: I believe so.

THE COMMISSIONER: It is not worth while having the superintendent here over one instance.

MR. BALLANTYNE: There were two other questions. In Boutet's own case there has been no reduction in wages, and the third thing was a statement by the secretary of the Union that on Saturday, the 24th of October the night gang which had worked on the Friday night was asked to come back to the mill and commence work at 12 noon and do another shift until 12 midnight. Now, I am informed that is correct.

THE COMMISSIONER: That is what ?

MR. BALLANTYNE: That is correct, the statement is correct. The reason for it is this. The mill at Montmorency is temporarily overloaded with orders which it must complete before the close of navigation. So the superintendent of the Montmorency mill asked the Curé at the church to state that that was the situation and that if the night gang would come back at 12 noon they would be able to handle this work. If they were not willing to do it in view of the short time to complete the orders , the orders would have to be sent to some other mill. As a matter of fact, they were asked to come back, 149 men. Four men said they did not want to work that extra time, and did not work. Two men of the 149 said they would work until ten

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Reporter
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of the other mornings that there had been an inspection of the mopped floors that day.

THE CHAIRMAN: Evidently he is the only witness who has brought that claim forward.

MR. MILLARTYNE: I believe so.

THE COMMISSIONER: It is not worth while having the superintendent here over one instance.

MR. MILLARTYNE: There were two other questions. In Boutet's own case there has been no reduction in wages, and the third thing was a statement by the secretary of the Union that on Saturday, the 24th of October the night gang which had worked on the Friday night was asked to come back to the mill and commence work at 12 noon and do another shift until 12 midnight. Now, I am informed that is correct.

THE COMMISSIONER: That is what ?

MR. MILLARTYNE: That is correct, the statement is correct. The reason for it is this. The mill at Montmorency is temporarily overloaded with orders which it must complete before the close of navigation. So the superintendent of the Montmorency mill asked the Curé of the church to state that that was the situation and that if the night gang would come back at 12 noon they could [illegible] to some other mill. As a matter of fact, they were asked to come back, 140 men. Four men said they did not want to work [illegible]

o'clock and worked until that time. My instructions are there is absolutely no question of threats against the men who did not want to work over-time. It was really a question of this temporary situation and they asked them if they would work over-time and it was, of course, to their advantage from their own point of view. That is what Mr. Fleming roughly would say if he was brought up. It is an unusual situation.

MR.McRUER: I don't know, my lord, that there is any necessity for calling a witness from Quebec to say -- to deny in the first place, or explain what the allegation of Boutet was because that is just one individual and we cannot ask the Commission to make any findings on the evidence of one man, and in the second place Mr. Ballantyne agrees with what the other men said and explains why it was. I don't think we need to go to the expense or time of a witness on that.

THE COMMISSIONER: I don't think so.

MR. BALLANTYNE: Thank you, my lord.

J. G. DODD, Examination resumed.

BY MR. McRUER: Q. Mr. Dodd, during the course of our discussion of the affairs of the Canadian Woollen and Knit Goods, cloth section and that price group you referred to a meeting that was called the towel meeting, I think it was ? A. Right.

Q. You explained that that had nothing to do with the affairs of the Paton Manufacturing Company ?

A. Quite right.

Q. But it had something to do with some arrangement there was in regard to towels? A. Right.

Q. Now, in the first place, towels are manufactured by the Dominion Textile ? A. Quite right.

Q. And you have some sort of price group among the manufacturers of towels, did you ? A. These towels, by the way, Mr. McRuer, are altogether terry towels, or bath towels, as they are known. There are two other manufacturers in Canada, the Stauffer-Dobbie Company of Galt and the Dominion Fabrics of Dunnville.

Q. Yes? A. We had previously met and discussed the problems of our industry and at some time about June, 1933, we developed what is called a costing system. That costing system was based on the then price of cotton and other manufacturing costs, and it was developed so that we could -- no matter what towels made because we had many different towels,made many different towels one to the other or we endeavour to. We did not want to make theirs and they did not want to make ours, but we did not want in the manufacture of the towels for the prices to drift too far apart. In consequence this list was arrived at and no matter what type of towel we make we are somewhere close together.

Q. That was so that although the particular towel that each one made was different the competitio should be limited , at any rate, to a certain extent on the question of price ? A. Yes.

Q. You would fix the same price for the same towel --

towel -- for your towel as the Dominion Fabrics would fix for theirs although they were made of different stuff ? A. Well, the raw material, of course, is the same thing but they were made in different patterns. The pattern and the design of pattern, the colour, is a lot in the consideration of what the towel is worth, and these things combined in the towel make it sale worthy.

Q. Now, I have some correspondence from the files of the Dominion Textile Company. The first is a letter from Douglas Hallam to yourself, or it is rather addressed to David Hield, Niagara Falls Post Office, copy for Mr. Dodd. Who is David Hield of Niagara Falls ? A. I think that must be a mistake. The only David Hield I ever knew was David Hield connected with the Hield Brothers Company of Kingston.

Q. He was not interested in towels ? A. No, that must have been -- in fact, I never noticed that myself, Niagara Falls.

MR. GORDON: I think that was in the file you gave, that mistake.

MR.McRUER: Just let us make sure it refers to towels at all? A. No, it doesn't. So that evidently Niagara Falls must have been a typographical error in addressing the letter. That letter is a copy of one that did go to Hield but it should not have been addressed to Niagara Falls.

Q. Yes, it has got in the wrong file. Then, the first letter we have is dated the 16th of June, 1933, from you to Douglas Hallam.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

of the Dominion Textile Company. The first is a letter from Douglas Mallam to yourself, or it is rather addressed to David Mield, Niagara Falls (Ont.), care of Mr. Bond. Who is David Mield of Niagara Falls ?

A. I think there must be a mistake. The only David Mield I ever knew was David Mield connected with the Mield Brothers Company of Kingston.

.. He was not interested in towels ? A. No, that must have been -- in fact, I never noticed them myself, Niagara Falls.

MR. GORDON: I think that was in the file you gave that mistake.

MR.MCKINNON: Just let us make sure it refers to towels at all? A. No, it doesn't. So that evidently Niagara Falls must have been a typewriter error in addressing the letter. That letter is a copy of one that did go to Mield but it should not have been addressed to Niagara Falls.

.. Yes, it had it the wrong file. Well, the letter we have is dated the 14th of June, 1928, from Mallam to Douglas Mallam.

"Dear Hallam:-

"I have your letter of the 15th instant with memo. of what was discussed on Wednesday, and note that you areggoing to change the 17 x 34 towel to 2 1/4 pounds.

"Tom Camelford called me up yesterday as in working out these prices he thought on some of the lines they went too high a basis, but he is speaking to me again this afternoon. It is possible that some change might have to be made to meet their ideas. When that point is settled will then be able to let you have our list of prices covering all towels."

Now, was Mr. Hallam to act as -- A. Mr. Hallam -- An intermediary in connection with this towel association ? A. Nothing official at all, simply as an intermediary to whom we would pass any correspondence.

In case there were complaints of one of the mills selling below the price they had agreed with him to sell at would he check that up and find out if that was correct andn so on ? A. No, he would not, sir. He used his office and he was good enough probably to have one of his secretaries help us in typing anything and therefore we used the office simply in that way but he himself had nothing to do with this arrangement.

He had something to do with calling meetings ? A. Yes, meetings were called through his office. He acted more or less as secretary but he was not in any

and note that you proceeding to change the 17 x 34
towel to 2 1/4 pounds.

In working out these prices he thought on some
of the lines they went too high a basis, but he
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sible that some change might have to be made to
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was correct again so on ? A. No, he would
not, sir. He used his office and he was good enough
probably to have one of his secretaries help us in
typing anything and therefore we used the office simply
in that way but he himself had nothing to do with this
arrangement.

. He had something to do with selling meetings ?

. Yes, meetings were called through his office. He

official capacity, had nothing to say in regard to the meetings. He could not call a meeting of his own accord, he would only call one at the request of some one of the three of us.

Q. Then, I have a letter of the 5th of December, 1933 from Hallam to yourself -

"A meeting of the Towell manufacturers has been set for Tuesday, December 12th, at 10:30 a.m. at these offices.

"Please advise that your firm will be represented."

Now, he evidently sent out notices for meetings and so on ? A. Yes, if any one of the three of us wanted a meeting they would telephone Major Hallam.

Q. Well, did you sign anything of a similar nature to that signed in the Woollen and Worsteds section? A. No, there was no signature put on anything.

Q. No signature on anything ? now, I have a letter dated the 20th of December, 1933 from Hallam to the Dominion Textiles, attention Mr. J.G. Dodd.

"As arranged at the towel manufacturers meeting to-day, I would be much obliged if you would send us a cheque for $50. made out to the Canadian Woollen and Knit Goods Manufacturers Association", and written on here -- is that in your handwriting ? A. Yes.

Q. "for towel organization"? A. "With Stauffer Dobbie & Co. Galt, Dominion Fabrics, Dunnville and Dominion Textile, Montreal." That was the amount we paid for the use of his office and the time service

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OFFICIAL SHORTHAND
REPORTER
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official capacity, but nothing to say in regard to the meetings. He could not call a meeting of his own accord, he would only call one at the request of some one of the three of us.

Q. Then, I have a letter of the 5th of December, 1930 from Hollam to yourself -

"A meeting of the Towel Manufacturers has been set for Tuesday, December 12th, at [illegible]. It may be well attend.

"Please advise that your firm will be represented."

Now, he evidently sent out notices for meetings and so on ? A. Yes, if any one of the three of us wanted a meeting they would telephone Major Hollam.

Q. Well, did you sign anything of a similar nature to that signed in the Woollen and Worsteds Society ?

A. No, there was no signature put on anything.

Q. No signature on anything ? Now, I have a letter dated the 30th of December, 1930 from Hollam to the [illegible], Brantford, Ont.

"A meeting of the Towel Manufacturers meeting to-day, I would be much obliged if you would send us a cheque for $50. made out to the [illegible]

"Association", and written on here -- is that in your handwriting ? A. Yes.

Q. "For Towel Organization"? A. "With respective Dobbie & Co. Galt, Dominion Textiles, Dunnville and [illegible] Textile, Montreal." That was the amount he paid for the use of my name

of his stenographer.

THE COMMISSIONER: Are you putting the letter in ?

MR. McRUER: I am putting them all in as one Exhibit, my lord.

THE COMMISSIONER: It is correspondence -- just describe it to me .

MR McRUER: A file of correspondence between Mr. Dodd and Douglas Hallam in respect of the towel group.

THE COMMISSIONER: 789.

EXHIBIT NO. 789: File of correspondence between Mr. Dodd and Douglas Hallam in respect of the towel group.

BY MR. McRUER: Q. Now, then, there is a letter dated the 29th of January, 1934, from Douglas Hallam to you.

"As arranged at the towel meeting on Thursday, January 27th, Stauffer-Dobbie Limited has sent to this office the new price list for towels."

Now, Stauffer-Dobbie evidently filed their price list with Hallam ? A. I rather think that would be after a meeting when we would consider an adjustment owing to the up and down of raw cotton, and on that occasion -- I don't know what happened -- but Stauffer-Dobbie apparently did prepare a list and send it out through Major Hallam's office, sent it back to him.

Q. Now, towels were articles too on which there had been an increase in tariff in 1930; that is correct, is it not? A. I think that is correct, yes. I am not sure, I wonder if we could look that up. I think that can be accepted.

EXHIBIT No. 729: File of correspondence between Mr. Dodd and Douglas Hallam in respect of the towel group.

BY MR. MORGAN: Q. Now, then, there is a letter dated the 29th of January, 1934, from Douglas Hallam to you.

"As arranged at the towel meeting on Thursday, January 27th, Stauffer-Dobbie Limited has sent to this office the new price list for towels."

Now, [illegible]

after a meeting when we would consider an adjustment owing to the up and down of raw cotton, and on this co- [illegible] through Major Hallam's office, sent it back to him.

Q. Now, [illegible] had been an increase in tariff in 1930; that is correct, is it not? A. I think that is correct, yes. I am not sure, I wonder if we could look that up. I think [illegible]

Q. Well, were Stauffer-Dobbie, Dominion Fabrics and yourselves the only firms that were manufacturing these terry towels ? A. Yes, sir.

Q. So that when you got together and agreed on what prices you should charge then the only other source of supply, if they did not want to buy at your prices, would be to buy abroad and pay the duty that was on ? A. Well, actually we did not agree at what prices we should sell. We agreed on a basis on which we would develop our prices for different types of towels, but that did not necessarily mean they would arrive at the same selling price.

Q. But the idea of them getting together and agreeing on the basis was so as to limit the competitive nature of the price ? A. So that neither one of us would be making prices unprofitable to themselves or the others.

Q. Well, that is a nice way of putting it, Mr. Dodd. Didn't you ever think when you were getting together on these price arrangements that if such things were to be recognized the next step would be the contention that the government should have a price fixing officer who should sit in at your meetings and determine the prices on behalf of the consumer ? A. If your lordship would not mind me expressing something in my mind I would say yes, I would think that would be possibly a very good idea.

Q. You would like to have a price body that would fix the prices for the mills and everything ? A. I think that in conjunction with the mills and their

costs and an honest effort to keep stabilization of prices, I think it would not be a bad idea. I think I would welcome something of that kind in the Dominion of Canada.

Q. I am afraid you would object very much if people of some school of thought were on the board, wouldn't you ? A. Well, I don't know.

Q. It would depend what their ideas of profit were ? A. Well, it would be a collective thing.

BY MR. KELLOCK: Q. Just one question; was there anything in the way --

BY MR. McRUER: Oh, excuse me, is this towel agreement still in effect ? A. Yes, sir.

Q. Thereis one other thing I want to ask about and that is the yarn but we had better finish the towels first.

BY MR. KELLOCK: Q. I sjust wanted to ask you if there was anything in the way of either your company or any of the other two changing their mind with regard to this costing system without notice to the other if they wanted to do so ? A. I think we would have been duty bound to have notified the others had we decided to make any change, but there were no restrictions that we could not make it a change, or could not separate at any time.

BY MR. McRUER: Q. You did not have any penalties? A. None whatever.

BY MR. KELLOCK: Q. I am not speaking of penalties; was there anything in the way from a legal point of view why you could not change your mind immediately.

A. No, we could have changed it at any time.

THE COMMISSIONER: That means this then that this agreement, Mr. Kellock, was only to last --

MR. KELLOCK: Pardon.

BY THE COMMISSIONER: That means that agreement was to last only for such time as the parties remained in agreement . It was terminable at the will of either party ? A. Yes, sir.

MR. KELLOCK: Yes, my lord; in other words, I have always thought an agreement of that kind isn't an agreement, my lord.

THE COMMISSIONER: I don't know what you are trying to get at . You have said things right along to that effect, but I do not understand your implication.

MR. KELLOCK: My implication is this, if there is nothing in the way of a company after having settled on certain prices doing something else, that is all; the witness says there was nothing in the way.

THE COMMISSIONER: What could be in the way ?

MR. KELLOCK: Well, as long as it is clear there there was nothing --

THE COMMISSIONER: What could be in the way, for instance ?

MR. KELLOCK: If there had been a binding agreement for any consideration that would have been in the way.

THE COMMISSIONER: Subject to penalties, and so on.

MR. KELLOCK: Subject to penalties or liability for damages.

THE COMMISSIONER: You see, such an agreement is

A. No, as would have changed it in any time.

THE COMMISSIONER: That means this then that this agreement, Mr. Kellock, was only to last --

MR. KELLOCK: Pardon.

BY THE COMMISSIONER: That means that agreement was to last only for such time as the parties remained in agreement. It was terminable at the will of either party? A. Yes, sir.

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THE COMMISSIONER: I don't know what you are trying to get at. You have said things right along to that effect, but I do not understand your implication.

MR. KELLOCK: My implication is this, if there is nothing in the way of a company after having settled on certain prices doing something else, that is all; the witness says there was nothing in the way.

THE COMMISSIONER: What could be in the way?

MR. KELLOCK: Well, we have had it in other cases there was nothing --

THE COMMISSIONER: What could be in the way, for instance?

MR. KELLOCK: If there had been binding agreement [illegible]

THE COMMISSIONER: Subject to penalties, and so on.

MR. KELLOCK: Subject to penalties or liability for damages.

legal or it illegal, you know. If it is illegal it does not matter how many penalties you impose. They are no use. Nobody can impose them or collect them. So you are no further advanced by saying there are no penalties. The thing is what was done, what was the result of the understanding, of the coming together.

MR. KELLOCK: It was my friend's suggestion about penalties.

THE COMMISSIONER: I am dealing with you now. You seem to be trying to establish that so long as the parties simply said we will do this and the one or other of us gets tired of it then it is not an agreement.

MR. KELLOCK: That is not an agreement in law, no.

THE COMMISSIONER: What do you mean by law.

MR. KELLOCK: Well, an agreement for any consideration.

THE COMMISSIONER: Take a lease at will, that is an agreement at law.

MR. KELLOCK: Because there is consideration.

THE COMMISSIONER: The consideration here is you will keep this price and I will keep this price until you or I decide to quit this agreement. I do not understand what you are driving at by saying to me it is not an agreement.

MR. KELLOCK: Well, that is one thing if there is consideration , that is the end of that.

THE COMMISSIONER: That must be the consideration. I agree to such a price in consideration of you agreeing to such a price but it is understood it is not going to last for one or three years or five years. It is

ROBT. BRYDIE
TORONTO - CANADA

legal or it illegal, you know. If it is illegal it does not matter how many penalties you impose. They are no use. Nobody can impose them or collect them. So you are no further advanced by saying there are no penalties. The thing is what was done, what was the result of the understanding, of the coming together.

MR. KELLOCK: It was my friend's suggestion about penalties.

THE COMMISSIONER: I am dealing with you now. You seem to be trying to establish that so long as the party simply said we will do this and the one or other of us gets tired of it then it is not an agreement.

MR. KELLOCK: That is not an agreement in law, no.

THE COMMISSIONER: What do you mean by law.

[illegible] tion.

THE COMMISSIONER: Then a lease at will, that is

[illegible] Because there is consideration.

THE COMMISSIONER: The consideration here is you will keep this price and I will keep this price until you or I decide to quit this agreement. I do not understand what you are driving at by saying to me it is not an agreement.

MR. KELLOCK: Well, that is one thing if there is consideration that is the end of that.

THE COMMISSIONER: That must be the consideration. I agree to such a price in consideration of you agreeing to such a price but it is understood it is not going

going to last at will. Either of us can terminate it at will.

MR. KELLOCK: If there is consideration.

THE COMMISSIONER: That is the consideration.

MR. KELLOCK: Very well, if your lordship says that it is an agreement.

THE COMMISSIONER: It is an agreement terminable at will like a thousand other agreements.

MR. KELLOCK: Yes, my lord. My lord, I have in my hand -- I am not sure that the witness knows the figures, I understand he has comparable figures but I should like to be able to put this in shape and put it in as an Exhibit.

THE COMMISSIONER: Now?

MR. KELLOCK: With regard to towels, yes.

THE COMMISSIONER: You say you are not ready with it yet ?

MR. KELLOCK: No, it is only in manuscript and I should like to put it in shape.

MR. McRUER: Well, when it is in shape you can put it in. It is a memorandum of production or something ?

MR. KELLOCK: No, of importations. My friend brought out the fact these were the only manufacturers here. I want to show what the importations were if I may put this in later when it is in shape. Oh, here it is now, a statement, my lord, of the Canadian Consumption of towels for the calendar year of 1934.

MR.McRUER: Are these terry towels ?

MR. KELLOCK: All towels.

it well. Either of us can terminate it

MR. KELLOGG: If there is consideration.

THE COMMISSIONER: That is the consideration.

MR. LEHLBACH: Very well, if your Lordship says that is an agreement.

THE COMMISSIONER: It is an agreement terminable at will like a thousand other agreements.

MR. KELLOGG: Yes, my Lord. My Lord, I have in my hand -- I am not sure that the witness knows the figures, I understand he has comparable figures but I should like to be able to put this in shape and put it in as an Exhibit.

THE COMMISSIONER: Now?

THE COMMISSIONER: Are you not ready with it yet?

MR. KELLOGG: No, it is only in memorandum and I should like to put it in shape.

MR. MORGAN: Well, when it is in shape you can put it in. It is a memorandum of proposition or something?

MR. KELLOGG: No, of importations. My friend brought out the fact these were the only memorandums I may put this in later when it is in shape. Oh, here it is, a statement, my Lord, of the Canadian Consumption of Towels for the calendar year of 1924.

MR. McRUER: That is a big difference.

THE COMMISSIONER: For what period ?

MR. KELLOCK: The calendar year 1934, my lord. It shows the imports from Great Britain to have been 838,028 pounds.

THE COMMISSIONER: Of towels ?

MR. KELLOCK: In pounds, yes.

THE COMMISSIONER: Towels ?

MR. KELLOCK: Pounds of towels; other countries 70,225 pounds. Canadian production 1,631,468 pounds.

THE COMMISSIONER: The Canadian production is just about double, it is about 50 per cent of the entire production -- not quite.

MR. KELLOCK: It is not quite, my lord.

THE COMMISSIONER: What is it you said it was from Great Britain ?

MR. KELLOCK: 838,000.

THE COMMISSIONER: The other is 70,000 and then the Canadian is 1,631,000.

MR. KELLOCK: That is Exhibit number ?

THE COMMISSIONER: Number 790.

EXHIBIT No. 790: Canadian consumption of towels calendar year 1934.

BY MR. McRUER: Q. Mr. Dodd, of course, the towels that were concerned in your agreement were only bath towels ? A. That is all.

Q. These figures as to the imports from Great Britain of towels would be including hand towels and -- A. Any towels at all.

Q. Did you make hand towels ? A. Yes.

MR. MOSS: That is a big difference.

It shows the imports from Great Britain to have been [illegible] pounds.

THE COMMISSIONER: Of towels ?

MR. BILLOCK: In pounds, yes.

THE COMMISSIONER: Towels ?

MR. BILLOCK: Pounds of towels; over [illegible]

70,385 pounds. Canadian production 1,851,460 pounds.

THE COMMISSIONER: The Canadian production is just about double, it is about 50 per cent of the entire production -- not quite.

MR. BILLOCK: It is not quite, my lord.

THE COMMISSIONER: What is it you said it was from Great Britain ?

MR. [illegible]

THE COMMISSIONER: The other is 70,000 and then the Canadian is 1,851,000.

MR. BILLOCK: What is Exhibit number ?

[illegible]

[illegible]
towels ordinary per [illegible]

BY MR. MOSS: Q. Mr. Dodd, of course, the

both towels ? A. That is all.

Q. Those figures as to the imports from Great [illegible] be including hand towels or [illegible]

A. [illegible] towels at all.

Q. All [illegible] ? A. Yes.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. You didn't have an agreement with the others on hand towels ?- A. None whatever.

Q. Did Stauffer-Dobbie make hand towels ? A. I am not able to answer that definitely, but I am under the impression they do.

Q. How is it you got along with the hand towels without having an agreement about them ? A. Well, I think they make them but they are not very large anyway.

Q. You are the only manufacturers of them ? A. Not the only manufacturer but I think we are the largest manufacturers.

Q. So that you can pretty well control the market yourself ? A. No, we don't try to control it.

Q. Well, you don't have much opposition in the way of cutting prices ? A. We have had from English towels.

Q. I know, but that is one thing it is pretty hard to get away from ? A. Not so much from Canada, I mean.

Q. You do not get much competition from Canadian manufacturers ? A. Not from Canadian sources.

Q. So the only towel manufacturers with whom it was necessary to make an agreement were those that manufactured bath towels, terry towels ? A. Yes.

Q. Now, what other lines of manufacture have you in either the Dominion Textile Company or the Paton Manufacturing Company on which you have agreements with other manufacturers with regard to prices? A. So far as Paton is concerned, there are no others.

...didn't have an agreement with the others on hand towels ?-

Q. Did Stauffer-Dobbie make hand towels ? A. I am not able to answer that definitely, but I am under the impression they do.

Q. How is it you got along with the hand towels without having an agreement about them ? A. Well, I think they make them but they are not very large any-way.

Q. You are the only manufacturers of them ?

A. Not the only manufacturer but I think we are the largest manufacturers.

Q. So that you are pretty well control the market yourself ? A. No, we don't try to control it.

Q. Well, you don't have much opposition in the way of cutting prices ? A. We have had from Imperial towels.

Q. I know, but that is one thing it is pretty hard to get away from ? A. Not so much from Canada, I think.

Q. You do not get much competition from Canadian manufacturers ? A. Not from Canadian sources.

Q. So the only towel manufacturers with whom it ...manufactured ...should ? A. Yes.

Q. Now, what other lines of manufacture have you in ...

...with regard to prices ...

...there are no others.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. As far as the Dominion Textile is concerned what other lines are there ? A. We have this yarn.

Q. You have an agreement on yarn ? A. On yarn.

Q. Now, the manufacturers of yarn are what company ? A. The Dominion Textile Company, Canadian Cottons, the Hamilton Cotton Company and Wabasso Company.

Q Now, -- A. While I am at it, there are other companies that make yarn, Mr. McRuer, like some of the knitters who spin either all or part. They spin either all or part of their consumption in their own mill.

Q. But they do not make yarn for sale ? A. Yes, on their surplus, at times when they are not busy in their knitting they do sell their surplus in the open market.

Q. What other company do you suggest sells yarn in any commercial quantities, that is, we are dealing with cotton yarns ? A. Yes, entirely; there is the Moodie Company of Hamilton. There is the Glendale also of Hamilton and the Dominion Fabrics of Dunnville, those three mills.

Q. But by far the major part of the yarn business is in the hands of the Dominion Textile Company, the Wabasso Cotton Company and the Hamilton Cotton Company?

A. Yes, their production is much larger than the other three mills.

Q. And, Canadian Cottons ? A. Canadian Cottons yes.

Q. Well now, all these companies are weaving

ROBT. BRYDIE
CHARTERED BANK BUILDING
TORONTO - CANADA

companies ? A. Yes, they all weave.

Q. They are allin the weaving business ?

A. Right.

Q. Then, there are many companies that buy yarns from them ? A. Yes.

Q. Both weavers and knitters ? A. Yes, sometimes for weaving although the knitting yarn is the largest factor.

Q. But there are competitors who buy yarn for weaving ? A. You mean yarn for weaving goods similar to those goods made in our plants, do you mean.

Q. Yes ? A. I don't think so, Mr. McRuer, but I am saying that advisedly without having thought the thing over. I do not recall at the moment any firm who are buying yarn from us, at any rate, who are using these yarns and weaving them into goods similar to what we ourselves make. I cannot recall any at the moment.

Q. How is this agreement on yarn carried out ? How did you get together on that? A. The yarn agreement, sir, goes back a good many years, and I think the only way it is carried out is by following the raw cotton market.

Q. Yes ? A. When some one of us -- we all watch the market, of course, naturally, and know what our prices are. If cotton is jumping up very heavily or has accumulated over a period ofttime well then, somebody says to the other "do you think we had better advance the price?"

Q. Yes? A. And if it is thought advisable,

companies ? A. Yes, they all weave.

Q. They are also the weaving business ?

A. Right.

Q. Then, there are many companies that buy yarns from them ? A. Yes.

Q. Both weavers and knitters ? A. Yes, sometimes for weaving although the knitting yarn is the largest factor.

Q. But there are competitors who buy yarn for weaving ? A. You mean yarn for weaving goods similar to these goods made in our plants, do you mean.

Q. Yes ? A. I don't think so, [illegible] but I am saying that advisedly without having thought the thing over. I do not recall at the moment any firm who are buying yarn from us, at any rate, who are using these yarns and weaving them into goods similar to what we ourselves make. I cannot recall any at the moment.

Q. Now is this agreement on yarn carried out ? How did you get together on that? A. The yarn agree- [illegible] the only way it is carried out is by following the raw cotton market.

Q. Yes ? A. When some one of us -- we all watch the market, of course, naturally, and know what our prices are. If cotton is jumping up very heavily [illegible] somebody says to the other "do you think we had better advance the price?" [illegible]

Q. Yes? A. And if it is thought advisable,

if the market has been sufficiently strong that we should advance we do; if not, we don't.

Q. Now, the agreement is that for yarn of the same count and same quality that you will each charge the customer the same price ? A. The same price, exactly.

Q. It is a uniform price to all customers ? A. Yes.

Q. Among these four mills ? A. Right.

Q. You say that goes back along time; how long, to your knowledge, has that agreement been in effect ? A. When I came from Winnipeg to Montreal to assume my present position it was in effect then.

Q. When would that be ? A. That was in 1909; I don't know how many years previous to that.

Q. Now, an application was made to the Tariff Board by the Wabasso Cotton Company for an increase on the duty on yarn in 1927, and I believe the Dominion Textile appeared on that application and supported it? A. I believe they did, but I also believe from my memory that was on 40's and finer, not the coarser yarns.

Q. Well, it was, you are quite right. They asked for an increase on duty on 40's or finer and there was a counter application made by the Consumers League for a reduction on cotton duties. They both came on before the Tariff Board at the same time. A. I was personally not concerned actively in that application, Mr. McRuer, so I can only reply on the things that I remember.

Q. Now then, the price list applies to 40's and finer as well ? A. No sir, never, only up to 39's, is it ? It is on that list there.

if the market has been sufficiently strong to t he
absorb advance we do; if not, we don't.

Q. Now, the agreement is that for term of the same
current and same quality here for all sold during the
current year the same price ? A. The same price, except
A. It is a uniform price to all customers ? A. Ye
Q. Since Sept. 1st, 1927.
Q. You say that goes back along time; was
to your knowledge, has the agreement been in effect ?
A. When I came from Winnipeg to Montreal to assume my
present position it was in effect then.
Q. When would that be ? A. That was in 1920;
I don't know how many years previous to that.
Q. Now, an application was made to the Tariff
Board by the Wabasso Cotton Company for an increase on
the duty on yarn in 1929, and I believe the Dominion
Textile appeared on that application and opposed it?
A. I believe they did, but I also believe from my memor
that was on 40's and finer, not the coarser yarns.
Q. Well, it was, you are quite right. They asked
for counter application made by the Consumers League for
the Tariff Board at the same time. A. I was per-
sonally not concerned actively in that application, Mr.
Chairman, as I can only reply on the things that I re-
member.
Q. Now then, the price list applies to all
A. No sir, never, only on 2's.
Q. It is not like that.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. There you are ? A. We only go up to 36's.

Q. I see; did you not make a finer yarn than 36's ? A. Not in the Dominion Textile Company; the Montreal Cotton Company, they make yarns 40's and finer.

Q. Does the Wabasso Cotton Company make yarn finer than 36's? A. They did after one time and I think they are making them now, but on that I am not sure. I do not come in contact sufficiently close with this to know what they are doing from time to time.

Q. How did you justify the Dominion Textile, the Wabasso Cotton Company, the Canadian Cottons, and the Hamilton Company with all the diversification of set up of plant that there is in these mills getting together and agreeing on the same prices they would charge for their yarn ? A. The reason is to keep uniformity.

BY THE COMMISSIONER: Q. Keep what ? A. Uniformity.

BY MR. McRUER: Q. I would assume that much ? A. I would like to say that uniformity spreads right through the knitters, which is by far the largest individual volume of yarn, and these knitters are able to keep a uniform fabric. They each make the same goods and they know what they are paying for the yarn.

Q. Do you mean that the knitters, Mr. Dodd, that the uniformity spreads over what they make ? A. No sir, I say they are able to make a price and keep it uniform throughout a certain season by knowing the price they paid for yarn would be the same as somebody else paid for yarn.

There you are ? A. We only go up to 36's.

36's ? A. Not in the Dominion Textile Company; the Montreal Cotton Company. They [illegible]

Does the Wabasso Cotton Company make yarn finer than 36's? A. They did after one time and I think they are making them now, but on that I am not sure. I do not come in contact sufficiently close with this to know what they are doing from time to time.

Q. How did you justify the Dominion Textile, the Dominion Company, and the Hamilton Company with all the diversification of set up of plant that there is in those mills getting together and agreeing on the same prices, they would charge for their yarn ? A. The reason is to keep uniformity.

BY THE COMMISSIONER: Q. Keep what ? A. Uniformity.

BY MR. MACLEAN: Q. I would assume that much ?

A. I would like to not [illegible] to keep a uniform fabric. They each make the same goods and they know what they are paying for the yarn that the uniformity spreads over what they make ?

Q. So also I say that they are the same in the series they [illegible]

Q. Do you suggest thsi agreement among these mills in regard to yarn goes through the knitters ? A. I would not, sir.

Q. Did you ever have an application from the knitters -- A. I mentioned this thing was formed before I came to Montreal. The origin of it I don't know.

Q. Have you not had complaints from the knitters that you fellows all charge the same price; we go to Wabasso and we try to buy some yarn and we go to Dominion Textile and we are asked exactly the same price. Have you had complaints about that ? A. I don't remember myself ever seeing a complaint come from any knitter. At the same time I have known many knitters who expressed themselves in accord with it. It does keep uniformity in their prices throughout.

Q. But your scale of profit on manufacturing will be -- your aim will be different than Wabasso, for instance ? A. How do you mean.

Q. Well, you won't all shoot at the same market. You cannot with a different set-up of overhead cost and different lengths of experience in the trade? A. I imagine we would arrive very close because we all pay practically the same price for cotton. We all pay much the same. .

Q. Some may have the mill written off -- an old established mill where the depreciation is pretty well all written down; they have got the plant paid for and they can carry on now on a lower scale. On the other hand another may be a new industry that is going up the

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. Do you suggest that agreement among these

ills in regard to yarn going through the knitters ?

. I would not, etc.

ne knitters -- A. I mentioned this thing was formed

before I came to Montreal. The origin of it I don't

know.

. Have you not had complaints from the knitters

10 that you failed to keep the same ? A. Yes,

Wabasso and we try to buy some yarn and we go to Domi-

nion Textile and we are asked exactly the same price.

Have you had complaints about that ? A. I don't

remember myself over seeing a complaint come from any

15 knitter. -- Do you think that if they could buy

to experienced themselves in accord with it. It does

keep uniformity in their prices throughout.

. Your aim will be different in Wabasso, for

instance ? A. How do you mean.

. Well, you won't all about at the same market.

ion cannot with a different set-up of overhead cost and

different lengths of experience in the trade? A. I

suppose we would survive very close because we all pay

practically the same price. We all pay

about the same.

. Does the mill writing off -- at the

all writes off. Has the Dominion to write off

20 more ? A. I would not like to say that

hill. Now, how do you justify both agreeing to charge the same prices ? A. I think most of the Canadian mills making yarn go back for a good many years, and their conditions in that respect must be very similar. There are no comparatively new spinning mills being put up in Canada for a long time.

Q. Well now, have you the file of correspondence on the yarn matter ? A. I don't know, Mr. McRuer. We have a yarn department and that department is one of the departments which we have and it handles all that material. I would not possibly see it at any time unless there was something from one of our customers that came in.

Q. Probably you could look and see. A. You meanbetween ourselves and the other yarn spinners?

Q. Yes? A. Not between ourselves and our customers.

Q. No, between yourselves and the other spinners? A. I haven't looked that up but there may be some.

Q. Well, if you will have a look for that, Mr. Dodd; this yarn agreement, of course, is still in effect ? A. Yes, sir.

Q. Now, I would like theprice list filed, my lords.

THE COMMISSIONER: That is the price list agreed upon by this group.

MR. McRUER: Yes, my lord, it is dated the 15th of July, 1936. You must have a series of these price lists.

THE COMMISSIONER: Pardon me a moment. A price

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TORONTO CANADA

list -- what is it, the yarn group?

SECRETARY WHITELEY: Hosiery yarn.

THE WITNESS: It would be hosiery and warp, but hosiery is the big factor in it.

THE COMMISSIONER: Has it a date?

MR. McRUER: Yes, the 15th of July, 1936. You could let me have a series of these price lists ? A. I will look through.

Q. They seem to be multigraphed ? A. You mean of this particular one ?

Q. I mean running over a period of years.

THE COMMISSIONER: Does that document show the names of the companies ?

MR. McRUER: No, my lord, it just is hosiery natural white and coloured grey, and so on. It is tabulated.

THE COMMISSIONER: Has the witness given us the names of all the companies in the agreement ?

MR. McRUER: Yes, he has given the names of the companies. This document, Mr. Gordon tells me is the Dominion Textile price list but it is the list that is agreed on by the mills.

BY THE COMMISSIONER: Q. Is that right ? A. That is right.

Q. Then, this will be Exhibit 791.

EXHIBIT No. 791 : Price list of yarn goods.

BY MR. McRUER: Q. Now, Montreal Cottons do not spin ? A. They do spin, but 40's and finer.

BY THE COMMISSIONER: Q. This is all cotton yarn?

ROBT. BAYDIS
CHARTERED ACCOUNTANT
TORONTO - CANADA

A. All cotton yarn.

BY MR. McRUER: Q. You could give us a set of them? A. If the department have kept them, I could.

Q. Well, if you could get them? A. Yes, I will see. I am not surewwhether the previous ones were kept or whether the current one is all they have.

THE COMMISSIONER: Do I understand the Paton Company is in this ?

MR. McRUER: No, they are all concerned with cotton yarn.

THE COMMISSIONER: How does Mr. Dodd come into this?

MR.McRUER: Mr. Dodd is the sales manager for Dominion Textile.

THE COMMISSIONER: Oh, as well, I had forgottan that.

THE WITNESS: Also of the Paton Company.

THE COMMISSIONER: Up to the present we have been speaking of the Paton Company and I lost sight of that fact.

BY MR. KELLOCK: Q. Mr. Dodd, I didn't gather what you said about the Montreal Cottons in answer to my friend just now? A. That the Montreal Cottons spin 40's and finer.

BY THE COMMISSIONER: Q. What is that ? A. The Montreal Cotton Company spin 40's and finer which are not concerned in this list.

Q. You mean to say they were not in ? A. They were not in this list. This list only goes up to count 36.

ROBT. BRYDIE
CHARTERED ACCOUNTANTS
REPORTERS
TORONTO - CANADA

...ld have.

...ve us a set of
...them, I could.
...Yes, I will
...ous ones were kept
...ey have.
...understand the Beton Com-
...?
...are all concerned with com-
...
...How does Mr. Dodd come into this?
...Mr. Dodd is the sales manager for
...
...Oh, as well, I had forgotten
...
...Also of the Beton Company.
...Do we the present we have been
...of the Beton Company and I lost sight of that
...
...Mr. Dodd, I didn't gather what
...Montreal Cottons in answer to my
...just now? A. That the Montreal Cottons
...and finer.
...What is that? A. The
...spin 40's and finer which are
...in this list.
...mean to say they were not in? A. They
...this list. This list only goes up to count

Q. But does the understanding about prices affect other things that are not listed ?- A. No, sir.

Q. So Montreal Cottons were not in this ? A. No.

BY MR. KELLOCK: Q. What about the Glendale Spinning Mills ? A. I mentioned those, Moodie's, Glendale and Dominion Fabric. They are not in this list. They sell at underneath that list.

Q. What about the York Knitting mills ? A. They spin their cotton yarn but it is very seldom I have heard of them having sold yarn in the open market. I think they consume practically all their production.

Q. They were not concerned in this agreement ? A. No.

Q. I am instructed that Joseph Simpson & Sons also sell yarn ? A. Perhaps at times they do but not very often.

Q. They were not in the group ? A. They were not in the group.

Q. Might I ask your lordship what is the number of the Exhibit filed by Mr. Lanctot?

THE COMMISSIONER: 788.

MR. KELLOCK: On page 36 of that your lordship will find some information so far as the share of the Canadian market on cotton yarn is concerned. In 1934 that shows that of the cottong yarn sold in that year in Canada the Canadian mills supplied 81.6 per cent.

THE COMMISSIONER: Of the cotton yarn.

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: That is about what you said in

ROBT. SAYRE
TORONTO - CANADA

other things that are not listed ?- A. No.

Q. So Montreal Cottons were not in this ? A. No.

MR MACLOCK: Q. What about the Standale Spinning Mills ? A. I mentioned them. Standard Underwear and Dominion Fabric. They are not in this list. They sell at underneath that list.

Q. What about the Textile Spinning Mills ? A. They spin their cotton yarn but it is very seldom I have heard of them having soil yarn in the open market. I think they consume practically all their production.

Q. They were not concerned in this agreement ?

A. No.

Q. I am instructed that Joseph Simpson & Sons sell yarn ? A. Perhaps at times they do but not very often.

Q. They were not in the group ? A. They were not in the group.

Q. Might I ask your Lordship what is the number of the Exhibit filed by Mr. Lemoine?

THE [illegible]: 03 [illegible] will find some information so far as the share of the [illegible] on cotton yarn is concerned. In 1954 [illegible] of the cotton yarn sold in that year [illegible] of the cotton yarn.

THE [illegible]: Yes, my Lord.

your submission.

MR. McRUER: Yes, it is just the same figure, isn't it?

MR. BEAUREGARD: That is what is said in this report, page 36.

MR. KELLOCK: That is what I am reading.

MR. BEAUREGARD: The report of the Tariff Commission.

MR. KELLOCK: 17.1 per cent was English and 13 per cent was from other foreign countries.

BY MR.McRUER: Q. And the yarn that is imported would be very largely 40's or finer, wouldn't it? A. I could only say I think so, Mr. McRuer, I don't know the figures.

Q. At any rate, the fact is that Wabasso had been manufacturing 40's and finer and more or less gave it up after they failed to get that increase in 1927? A. I think the reason -- in fact, I know the reason why they gave it up was because they were increasing their printing and bleaching and they required their yarn really for their own cloth.

Q. Now, in respect to these other companies I am interested in one remark you made to Mr. Kellock, and that is that Dominion Fabric and Moodie sell their yarns, when they do sell, at lesser prices than your price list? A. They do.

Q. So it is evident under your agreement you keep the price up higher than what they sell at? A. I believe the suggestion -- they are not in this group as a group, but I believe that was their own

your submission.

MR. MORTON: Yes, it is just the same figure, is

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port, Page 36.

MR. HALLCK: That is what I am reading.

MR. [illegible]: The report of the Tariff Commission.

MR. HALLCOCK: 17.1 per cent was high and 15 p

BY MR. MORTON: Q. And the year that is improved would be very largely 40's or fiber, wouldn't it?

A. I could only say I think so, Mr. Morton, I don't know the figures.

Q. At any rate, the fact is that Watsons had been manufacturing 40's and finer and more or less gave it up after they failed to get that increase in 1929?

A. I think the reason -- in fact, I know the reason why they gave it up was because they were increasing their printing and bleaching and they required their

Q. Now, in respect to those other comparisons I am interested in one remark you made to Mr. Hallcock, and that is that Dundalk Spindle and [illegible] still their price list? -- They do.

Q. So it is evident under your agreement you

suggestion among themselves that they should sell at less than these prices largely because they do not -- they only sell their surplus and they do not definitely go in for spinning yarn for re-sale in the conntry.

Q. They just sell their surplus, they don't undertake to supply the trade ? A. No, and often times they can only make certain counts. They may have a surplus of some counts and not of other counts.

Q. Where does Montreal Cottons get its yarn for their ordinary spinning ? A. They spin that themselves.

Q. I mean do they spin their yarn for their weaving ? A. Yes.

Q. So on the classification of up to 40's they spin their own ? A. They would spin their own.

Q. For their supply ? A. For their supply.

Q. They don't buy from Dominion Textile ? A. If they are shy they might at times but I think they are usually able to produce all they want themselves.

Q. Now, are there any other branches of the industry that Dominion Textile have, or goods that they sell in any other branch in which you have these price arrangements ? A. No, I am very certain, sir, when I answer no to that. We may discuss matters with some of our competitors but do not come to any definite arrangement.

Q. I see; all right, thank you Mr. Dodd.

MR. KELLOCK: What was Exhibit 790 ?

MR. Mc RUER: That was the little statement you put in.

Page 11180 follows.

suggestion among themselves that they should sell at loss than these prices largely because they do not -- they only sell their surplus and they do not definitely go in for spinning yarn for re-sale in the country.

Q. They just sell their surplus, they don't undertake to supply the trade ? A. No, and often times they can only make certain counts. They may have a surplus of some counts and not of other counts.

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Q. For their supply ? A. For their supply.

Q. They don't buy from Dominion Textile ?

A. If they are shy they might at times but I think they are usually able to produce all they want themselves.

Q. Now, are there any other branches of the industry that Dominion Textile have, or goods that they sell in any other branch in which you have these [illegible] ? A. No, I am very certain, Sir, when I answer no to that. We may discuss matters with some of our competitors but do not come to any definite arrangement.

. I see; all right, thank you Mr. Todd.

MR. BLANCHARD: What was Exhibit 790 ?

MR. MCBRIDE: That was the 11 title statement

EDGAR J. THOMPSON, Sworn.

EXAMINED BY MR. McRUER.

Q. Mr. Thompson, you are connected with the Canadian Silk Products Corporation? A. Yes.

Q. In what capacity? A. President.

Q. What is the business of the Canadian Silk Products Corporation? A. Throwsters of silk and manufacturers of full-fashioned hosiery.

BY THE COMMISSIONER: Q. Does that mean only natural silk or artificial silk as well? A. Ninety-nine per cent pure silk and one per cent artificial silk.

BY MR. McRUER: Q. Just so that there will be no misunderstanding, Mr. Thompson, you do not mean that your hose are ninety-nine per cent pure? A. No, our throwing business.

Q. The full-fashioned hosiery are pure silk? A. Pure silk, in that the construction is a combination that has reinforcements what we call lisle or cotton, while the body of the stockings are in silk.

Q. That is, the top and the heel might be reinforcements? A. Yes.

Q. Your plant is at Sherbrooke? A. Yes.

Q. You have been in business how long? A. Twelve years.

Q. Did you start business at Sherbrooke or had it been running before? A. It was a new business, the first of its kind in this country.

Q. And did you start it as a branch of any oter business? A. Entirely independent

ROBT. BRYDIE

of any other business.

Q. So your enterprise was a new one at that time? A. A new venture in Canada. Prior to that time all full-fashioned hose, with the exception of a few hundred dozen, were imported, and the lowest price at which they were sold at that time was $3.50 a pair.

Q. Your capital structure in June 1924 seems to have consisted of 450 shares of 8 per cent cumulative preferred stock of $100 each. Is that correct? A. That is correct, plus common shares.

Q. Oh yes, there were 675 common shares of no par value? A. Right.

Q. Was the preferred stock all sold for cash? A. All for cash.

Q. Was the common stock sold for cash? A. For cash.

Q. The amount of cash received was apparently $3,375 for the common? A. Correct.

Q. So the total amount of cash invested for the preferred and common would be $48,375 ? A. That is in 1924.

Q. Yes, I am going to trace the development all through. There was apparently a bond issue in 1926.

THE COMMISSIONER: Where is this company situated?

MR. McRUER: At Sherbrooke

BY MR. McRUER: Q. There was a bond issue on January 2, 1926, of $60,000. Those were 7 per cent first mortgage bonds? A. Right.

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CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

Q. The preferred stock was redeemed on the following dates in the following amounts: March 4, 1927, 130 shares, $13,000; June 10, 1927, 130 shares, $13,000; September 9, 1927. 190 shares, $19,000. That makes a total of 450 shares redeemed by September 9, 1927. Is that correct? A. The balance was in August, 1928.

Q. The bond issue appears to have been redeemed as follows: 1928, $53,000; 1929, $7000. A. Right.

Q. That is the whole bond issue. Is it correct to say, Mr. Thompson, that by the end of 1929 at any rate the company had redeemed all its preferred stock and all its bond issues? A. Right.

Q. Then Supplementary Letters Patent, dated June 30, 1931, converted 675 shares of no par value common stock into an equal number of shares with a par value of $5 each. That really made no difference in the capital structure except to give the shares a par value? A. Yes.

Q. That is the story of the Canadian Silk Products Limited, that is the first company? A. Right.

MR. McRUER: I called it the Canadian Silk Products Corporation at first, mylord, but down to this point it is the Canadian Silk Products Limited.

BY MR. McRUER: Q. On November 19, 1929, the Canadian Silk Products Corporation was formed with 100,000 shares of Class A preferred shares of

no par value.

THE COMMISSIONER: What rate were they paid?

BY MR. McRUER: Q. Was there any rate on these, Mr. Thompson? They are called preferred shares? A. The Corporation was formed on a basis of 100,000 of Class A and Class B common shares.

BY THE COMMISSIONER: They are common shares? A. Common shares.

BY MR. McRUER: Q. They are called preference shares here, Mr. Thompson. A. The Class A has a preference as to dividends, and Class B are the voting shares.

BY THE COMMISSIONER: Q. What do the A shares get that Class B does not get? A. There is no restriction as to dividends on Class A. There are no fixed dividends to be paid on either class of shares.

BY MR. McRUER: Q. And you have 16,875 shares of Class B? A. Yes.

Q. Your return has this note on in respect to the Canadian Silk Products Corporation, and please follow me and see if it is correct; 100 Class A shares were issued for $5, and the balance of 99,900 Class A shares and 16,875 Class B shares were issued as full consideration for the purchase of all the outstanding shares of capital stock of Canadian Silk Products Limited. Is that correct? A. Yes.

THE COMMISSIONER: It seems to me that the only thing done there was to keep the voting in a certain class of shares.

BY MR. McRUER: Is that correct? A. At the

time there was no thought given to that.

Q. Was the Canadian Silk Products Limited a company that was held pretty closely in a few hands? A. Pretty closely.

Q. So when the new company was incorporated $500 new capital was brought out, and the rest of the capital stock was issued to the shareholders of the other company? A. Right.

BY THE COMMISSIONER: Q. Is it a fact that dividends might be paid on Class A shares when -- A. Class A were preferred as to dividends; before anything could be paid on Class B, up to $1.50 would have to be paid on the other class.

Q. You could not pay any dividend to the owners of the B shares until you paid $1.50 on the A shares? A. Yes.

BY MR. McRUER: Q. I take it that those who held shares at the time of the reorganization were substantially the same people holding Class A and Class B shares? A. Correct.

Q. So there was not anything in the sense of changing the rights of any particular individuals although the rights under the shares may have been changed? A. They stood on the same basis, and there were no shares sold to the public.

Q. Were shares in this company ever sold to the public? A. Only to a small group of people when the company first started without any expense to the company.

Q. I am correct in this, am I not, that the total cash investment in this company independent of the bond issue which has been redeemed was

$948,875. A. Originally yes.

Q. Was there ever any money brought in? A. Just bank loans in addition to that. It would under ordinary conditions require much more than that to start a full fashioned hosiery mill in Canada especially at that time, but at that time we were successful in having a bank help to finance us over a certain period.

Q. Yes, you probably had some good folks on the paper. A. No, as a matter of fact we went under section 88.

THE COMMISSIONER: Under what section?

MR. McRUER: Under section 88 of the Bank Act

BY MR. McRUER: Q. Well, you became good folks anyway. Now I have here an analysis of the profit and loss account, on a return that has been made to the accountant of the commission in regard to the company's affairs. I am dealing with the net profit on sales. This, of course, is before deductions of interest on loans to the banks, inverest on bonds, dividends on the preferred stock, and so on. It shows that the net profits on sales were as follows:

ROBT. BRYCE
CHARTERED ACCOUNTANT
TORONTO CANADA

1926	$86,786.45	
1927	$190,495.60	
1928	$303,239.90	
1929	$386,004.57	
1930	$257,157.42	
1931	$236,322.24	
1932	$265,215.75	
1933	$237,298.73	
1934	$179,565.68	
1935	$150,930.06	(ten months ending June 30th)

After deducting interest on bank loans and on bonds and before dividends on stock of all kinds the results were as follows:

1926	$85,581.93	
1927	$185,536.90	
1928	$302,024.07	
1929	$388,735.67	
1930	$267,977.51	
1931	$253,639.40	
1932	$284,356.91	
1933	$261,549.50	
1934	$205,813.67	
1935	$171,952.51	(for ten months ending June 30th)

MR. KELLOCK: How can that 1935 figure be right? The figure you gave before was only $150,000.

MR. McRUER: There s added to that interest on outside investments, interest on investments and discounts received.

1985	$171,935.21 (For ten months ending June 30th)

How can that 1985 figure be right? You were before only $[illegible].

Mr. Mowbray: There's added to that interest on outside investments, interest on investments [illegible].

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

MR. KELLOCK: All right, thank you.

BY MR. McRUE : Q. Then the dividends that have beenpaid in the ten year period were as follows:

1926	$7,200
1927	$2,820
1928	$20,250
1929	$60,750
1930	$122,512.50
1931	$150,000
1932	$150,000
1933	$150,000
1934	$150,000
1935	$112,500 (for ten months ending June 30th)

The balance at the credit of surplus account after the redemption of the bonds and the redemption of the preferred stock, and charges for dividends, income tax and so on that has been made, appears to be now $465,389.23. That is correct, is it not ? A. Yes.

Q. Your accountant is here, is he not, Mr. Thompson? A. Yes.

Q. Perhaps he will follow these figures, and if there are any errors in them I want them checked up. Here is a summary for the years 1925 to 1935. The net profits after income tax appear to have been $2,159,330.44. That is before deductions of dividends but after deduction of income tax and such charges. Profit by sale of securities $[illegible],770.79. Our accountant has compiled this, and I will hand it to your accountant afterwards. The total net profit, including profit on the sale

PROF. BRYDIE

ox Mr. Cobb : Q. Then the dividends that have been paid in the ten year period were as follows:

1926	$7,200
1927	$2,880
1928	$20,250
1929	
1930	
1931	$150,000
1932	$150,000
1933	
1934	
1935	$112,500 (for ten months ending

The balance at the credit of profit and loss account after the redemption of the bonds and the redemption of the preferred stock, and after dividends, income tax and so on to that been made, appears to be now $46,.89.&. That is correct, is it not ?

A. Yes.

Q. Your statement is here, is he not.

Q. Perhaps he will follow these figures, and if there are any errors in them I want them checked up. Here is a summary for the years 1925 to 1935. Net profits after income tax appear to have been $2,169,.80.&. That is before deductions of dividends but after deduction of income tax and on observed. Profit by sale of assets

,770.79. Our statement has compiled this, and will hand it to your statement afterwards.

the total net profit, including profit on the sale

of securities, which of course is not a merchandising profit, was $2,193,101.23. That is subject to the following deductions for disbursements: Dividends, $926,052.50; reserved for loss on investments $130,579.50; transferred to reserve for contingencies, which reserve stands at $80,000, $72,500. I do not quite understand what that means. A. The reserve stands at $80,000.

Q. And apparently $72,500 has been transferred to that reserve. Then there was transferred to Canadian Silk Corporation capital account $580,500. Those items total $1,729,712, leaving a surplus of $463,389.23. This $580,000 $72,500 that was transferred to capital account, that was, I suppose, for building purposes or machinery and plant, or something of that sort. A. It would be at the time the company was established.

Q. Mr. Thompson, were you among those who asked for increases on the duty on hosiery in 1930? A. No, we have never since the inception of our company asked for any assistance from the government or from any other manufacturer or individual. Our business was established entirely on an independent basis.

Q. I have a recollection of a letter being filed in which you suggested you would be agreeable to a reduction in tariff on hosiery if in return you could get a reduction in tariffs on Canadian hosiery entering that country. A. I did, yes.

Q. And apparently $72,300 has been transferred to that reserve. Then there was transferred to Canadian Silk Corporation capital leaving a surplus of $34,369.55. This $380,000 $32,500 that was transferred to capital account, that was, I suppose, for building purposes or machinery and plant, or something of that sort.

A. It works out at the time the company was organized.

Q. Mr. Thompson, were you among those who voted for increase on the duty on hosiery in 1920? A. No, we have never since the

from the government or from any other manufacturer

likely on an independent basis.

Q. I have a recollection of a letter being filed in which you suggested you would be agreeable to a reduction in tariff on hosiery if

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Q. You felt that if the duties were reduced as against your goods you were quite willing to have the duties here lowered against English goods, A. Right.

Q. Do you export hosiery to other countries? A. To probably some fifteen to twenty countries.

Q. Do you mind telling us some of them? A. Australia, New Zealand, South Africa, British West Indies, Fiji Islands, Mexico, British Guiana, Central America, Egypt, the Hongkong district, Shanghai, India, Straits Settlements, England, Norway and Belgium.

THE COMMISSIONER: It is rather interesting to hear that the Fiji Islanders are going in for full fashioned hosiery.

BY MR. McRUER: What percentage of your business is export business? A. I would say roughly about fifteen per cent.

THE COMMISSIONER: We did not find out about the export business on woollens.

MR. McRUER: Mr. Howson has asked them to make that return, my lord, on the questionnaire, and we will have the exact figures for each company on that.

BY MR. McRUER: Now I want to go into another matter with you, Mr. Thompson. In the first place I think I had better dispose of wage matters. Have you made any changes in the rates of pay in your mill over the period of the last ten years? A. Yes, the wages vary according to the type of work and the efficiency of the employees. When we first started to operate there were probably

5. You felt that if the duties were reduced so against your goods you were quite willing to have the duties here lowered against woollen goods. A. Right.

6. Do your clients hesitate to offer a written A. To probably some fifteen to twenty counties.

7. Do you mind telling us some of them? A. Australia, New Zealand, South Africa, British West Indies, Fiji Islands, Mexico, British Guiana, Central America, Egypt, the Dominions district, Shanghai, India, Straits Settlements, Holland, Norway and Belgium.

[illegible]: It is rather interesting to know that the Fiji Islanders are going in [illegible].

BY MR. MORDEN: What percentage of your trade is export business? A. I would say roughly about fifteen per cent.

[illegible] He did not find out about the export business on woollens.

MR. MORDEN: Mr. Dowson has asked them to make that return, my Lord, on the questionnaire, and we will have the exact figures for each [illegible] on that.

BY MR. MORDEN: Now I want to go into another matter with Mr. Thompson. In the first place I think I had better direct [illegible] there.

have you made any changes in the rates or pay in your mill over the period [illegible]?

A. Yes, the wages vary according to the type of [illegible] and the efficiency of the employees. When

ROBT. BRYDIE
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only half a dozen fully experienced full fashioned knitters in Canada, and we had to run a school. We are running a school now to train young boys to become knitters, and about 98 per cent of our help will have gone through our own school and plant, not brought in from other plants. We probably have twenty-five boys now being trained in our school to be knitters of mechanics. Wages vary from time to time but they were always on an upward trend for the young help until the depression.

Q. Did you reduce your wages since 1930? A. The wages were reduced as they became more efficient and able to turn out better work. The percentage of cost of manufacture was then reduced.

Q. Do you say your wages were reduced or the percentage of cost? A. At the time we started, full fashioned operators were getting a very high rate of pay in the United States, as high as $105 a week for forty-five hours. In Canada when we started the wages would run around $45.50 a week for experienced knitters, and for the better class the wages would run up to $60 a week. Since then they have been reduced in proportion to the drop in the price of the product which has dropped over 50 per cent.

BY THE COMMISSIONER: Q. Are they fifty per cent less now? A. No. Wages have not been reduced in the same proportion as the cost of merchandise.

BY MR. McRUER: You have produced here an

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TORONTO - CANADA

Thank you
only half a dozen fully experienced full fashioned
knitters in Canada, and we had to run a school.
We are running a school now to train 24 new boys
to become knitters, and about 38 per cent of our
help will have come through our own school and
plant, not brought in from other plants. We
honestly have twenty-five boys now being trained
in our school to be knitters of machines. Once
very from time to time but they are always on
the upward trend for the year so help until the
[illegible].

5. Did you reduce your wages since 1930?

6. The wages were reduced as they became more efficient and able to turn out better work. The percentage of cost of manufacture was then reduced.

7. Do you say your wages were reduced or the percentage of cost?

6. At the time we started, full fashioned operators were getting a very high rate of pay in the United States, as high as $108 a week for 37½-five hours. In Canada when we started the basic wage was $25.00 a week for experienced knitters, and for that matter also the wages would run up to $30 a week. Since then they have been reduced in proportion to the drop in the value of the product which has occurred over the year.

BY THE CHAIRMAN: 8. Are they fifty per cent less now?

A. No. Wages have not been reduced in the same proportion as the cost of manufacture.

BY C. CAHAN: I am here to-day on

analysis of wages and profits, and expenses of one sort and another which may be useful to us in making a study of your business. Apparently in 1926 the wages per pair of stockings amounted to 21.8 cents. Is that right? A. Yes.

Q. The profit per pair amounted to 23.3 cents. So at that time you made more profit out of the stockings than the wages that went into them. A. Right.

Q. In 1927 the wages were 20 cents and the profit 25 cents; in 1928 the wages were 18 cents and the profit 24 cents; in 1929 the wages were 18 cents and the profit 23.6 cents; in 1930 the wages were 19 cents and the profit 14.7 cents; in 1931 the wages were 15.2 cents and the profit 7.8 cents; in 1932, the wages were 15.3 cents and the profit 13.7cents; in 1933 the wages were 13.3 cents, and the profit 12.7 cents; in 1934 the wages were 13.7 cents and the profit 8.9 cents; in 1935 wages were 14.3 cents and profits 7.8 cents. So your profit on a pair of stockings still amounts to fifty per cent of the amount of the wages? A. Right.

Q. In that time the selling price of the stockings has dropped from $1.31-7/10 in 1926 to 50 cents and seven-tenths in 1935. Is that correct? A. Yes.

Q. In 1934 there was a reduction in the wages of 6.80 per cent over the previous years. Is that correct? A. Over 1931, 1932 and 1933.

Q. In net profits there was a reduction of 50.52 per cent, but you must admit that your profits in 1928 and 1929 were fairly substantial.

In 1928 your profits were $302,024.07, and in 1929 $380,735.67 after you had paid your bond interest and everything else.

MR. MARROTTE: May I say with respect to those percentages in 1931, 1932 and 1933, that thatis the average. It shows the average percentage of reduction in 1934 as compared with other years. We are trying to show the comperative percentage of profits per dozen.

MR. McRUER: I do not think it is a very fair thing in this particular industry to deal with an average including the years from 1926. If you take the average from 1926 to 1930 and then establish an average for the period from 1930 to 1935 it would show a tremendous reduction in wages, and there is the very thing that Mr. Thompson has mentioned, that in 1926 they were all expert operators and highly paid.

MR. MARROTTE: We are trying to show the average percentage of reduction in relation to profits. It is only suggested.

BY MR. McRUER: Q. Your total wage bill seems to have dropped between 1930 and 1934 by about $33,000, and then apparently it is going to be up at the end of 1935 because for the ten-month period it is the same as for the year 1934. A. Yes.

EXHIBIT 792: Comparative statement of wages, profits and prices from 1926 to 1935.

The commission adjourned for a short recess.

(Page 11205 follows)

ROBT. BRYDIE
CHARTERED SHORTHAND REPORTER
TORONTO - CANADA

in 1928 your profits were $202,084.07, and in 1929 $300,785.67 after you had paid your bond interest and everything else.

MR. MacNUTT: May I say with respect to those percentages in 1931, 1932 and 1933, that omits the average. It shows the average percentage of reduction in 1934 as compared with other years. We are trying to show the com-

MR. McRUER: I do not think it is a very fair thing in this particular industry to deal with on average including the years from 1926. If you take the average from 1926 to 1930 and then establish an average for the period from 1930 to 1935 it would show a tremendous reduction in wages, and there is the very thing that Mr. Thompson has mentioned, that in 1926 they were all export operators and highly paid.

MR. MACNUTT: We are trying to show the [illegible] in relation to profits. It is only suggested.

BY MR. McRUER: Q. Your total wage bill seems to have dropped between 1930 and 1934 by about $32,000, and then apparently it is going to be up at the end of 1935 because for the ten-month period it is the same as for the year 1934.

A. Yes.

EXHIBIT 792: Comparative statement of wages, profits and prices from 1926 to 1935.

The commission adjourned for a short recess.

-- On resuming after recess.

BY MR.McRUER: Q. Mr. Thompson, I have just been doing a little mathematical calculation in reference to the average annual rate of profit on your investment, your original investment of $48,000.

MR. KELLOCK: My lord, should my friend make that computation ? That is what we discussed on Monday morning, your lordship will recall. My submission is that computation and comparison which my friend has been making in various places is absolutely fallacious. It takes no account whatever that the annual profit made in 1934, for instance, includes the accumulations in the business in the previous years, and the profit made in 1934 is only the profit made on whatever the capital invested was that year. It is not profit made on the original investment, and to make that comparison, my submission is that it is entirely misleading and unfair.

THE COMMISSIONER: The question, I don't think was completed when you spoke, Mr. Kellock. Would you repeat the question and we will see that the witness has to say about it. I will do the best I can to judge whether it is a proper question or not. What is your question ?

MR. McRUER: My question is this; I am taking first what the average annual profit was in the business over eleven years.

THE COMMISSIONER: You are using the figures that the witness gave you ?

MR. McRUER: Yes, my lord.

ROBT. BRYDIS
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

-- On resuming after recess.

BY MR. GOLDEN: Q. Mr. Thompson, I have just been doing a little mathematical calculation in reference to the average annual rate of profit on your investment, over-all figures of $48,000.

MR. KELLOCK: My Lord, should my friend make that computation ? That is what he disavowed or whose accounts, that accurately will reflect. My submission is that a computation and comparison which my friend has been making in various places is absolutely fallacious. It takes no account whatever that the annual profit made in 1934, for instance, includes the accumulations in the business in the previous years and the profit made in 1934 is only the profit made on whatever the capital invested was that year. It is not profit made on the original investment, and to make that comparison, my submission is that it is entirely misleading and unfair.

THE COMMISSIONER: The question, I don't think was completed when you spoke, Mr. Kellock. Would you repeat the question and we will see that the witness has to say about it. I will do the best I can to judge whether it is a proper question or not. What is your question ?

MR. GOLDEN: My question is this; I am taking first also the average annual profit was in the four-year period, eleven years,

THE COMMISSIONER: You are using the figures that the witness gave you ?

MR. GOLDEN: Yes, My Lord.

THE COMMISSIONER: What is the annual profit ?

MR. McRUER: The average annual profit would be $196,302.

THE COMMISSIONER: Yes.

MR. McRUER: Then, the next question I propose to ask is the percentage of return on the original investment of $48,000.

THE COMMISSIONER: Which that constitutes.

MR.McRUER: Yes, my lord.

THE COMMISSIONER: Mr. Kellock points out now that that should not be considered as percentage of return on that primary capital but it is really a percentage of return on much more than that.

MR. KELLOCK: Yes, my lord.

THE COMMISSIONER: Well, as long as you point it out.

MR. KELLOCK: Except, my lord, that it is important where a Commission such as this is sitting in public where you have my friend getting a percentage and that is broadcasted and the average man thinks that this company -- and it has been done before -- is making a profit at this large rate on invested capital which goes back many years and has no relation whatever to the profit that is made in the particular year.

THE COMMISSIONER: Well, you are arguing now.

MR. KELLOCK: Well, so is my friend. My friend is asking the witness to confirm a computation which he has made here.

THE COMMISSIONER: Well, if the witness thinks it is not a proper basis for the answer required he can

THE COURT REPORTER: What is the annual profit?

MR. MCCORMICK: The average annual profit would be $180,000.

THE COURT: Yes.

MR. MCCORMICK: Then, the next question I propose to ask is the percentage of return on the original investment of $1,000,000.

THE COURT: Which that constitutes.

MR. MCCORMICK: Yes, my lord.

MR. [illegible]: I submit that should not be considered as percentage of return on their primary capital but it is really a percentage of return on much more than that.

MR. MCCORMICK: Yes, my lord.

THE COURT: Well, as I understand you point it out.

MR. [illegible]: Exactly, my lord, that it is important to the public where you have my friend getting a percentage [illegible] and that it [illegible] and the investment [illegible] this company -- and it has been [illegible] -- it [illegible] to the profit that is made in the particular year.

THE COURT: Well, you are arguing now.

MR. MCCORMICK: Well, no it is my friend. My friend is making the effort to exclude [illegible] which we have made here.

THE COURT: Well, if the witness thinks it [illegible]

tell us so. Now, just a minute, your question is this; you say here is an average annual profit of -- what is it ?

MR.McRUER: $196,302.

THE COMMISSIONER: Then, what is your question ?

MR. McRUER: On the original capital investment of $48,000.

THE COMMISSIONER: Now, the original capital investment in this company was $48,000. What is your question ?

MR.McRUER: That would yield, or that shows an average annual profit on that original capital --

THE COMMISSIONER: No, you must be asking the witness whether that is so.

MR.McRUER: Yes, my lord.

THE COMMISSIONER: What is it ?

MR. McRUER: That the rate is 400per cent.

THE COMMISSIONER: He is asking the witness that

MR. KELLOCK: Your lordship, can I --

THE COMMISSIONER: You see the proposition. Mr. McRuer says here is your average annual profit of $190,000. That is one thing. Now then, he says your original investment was $45,000 -

MR.McRUER: $48,000.

THE COMMISSIONER: $48,000.; now what he asks the witness is does that represent 400 per cent profit on that original investment. I don't know what the witness will say. I cannot hear your answer. I must hear the witness.

MR. KELLOCK: He is really asking the witness

tell us so. Now, just a minute, your question is
what is it ?

MR. [illegible]: $136,000.

THE [illegible]: Then, what is your question ?

MR. MOORE: On the original capital investment of
$45,000.

THE COMMISSIONER: Now, the original capital in-
vestment in this company was $45,000. What is your
question ?

MR. MOORE: That would yield, or that shows an
average annual profit on the original capital --

THE COMMISSIONER: No, you must be asking the wit-
ness whether that is so.

MR. MOORE: Yes, my lord.

THE COMMISSIONER: What is it ?

MR. MOORE: That the note is 400per cent.

THE COMMISSIONER: He is asking the witness that.

THE COMMISSIONER: You see the proposition. Mr.
Moore says here is your average annual profit of
$130,000. That is one thing. Now then, he says your
original investment was $45,000 -

nothing. That is only arithmetic.

THE COMMISSIONER: No, he is asking the witness does that represent the thing you get up and tell me it does not represent . Let the witness answer first and we will see. A. That is misleading.

Q. Well, you are under oath; why do you say that ? A. For the reason --

Q. Why do you say it is misleading ? A. Because when we first started in business we not only invested $45,000. in preferred and $3,375. in common shares but also we arranged bank loans , from the bank, which represented an obligation of the business as working capital. The following year we invested or obligated ourselves for $60,000 of bonds in additional to the capital. Now, from year to year we in turn left the bulk of our profits for the first four or five years in our business as working capital because we were in this country and with the growth in the full-fashioned hosiery industry we did not want to go out and pay a high price for money at the time in the way of selling preferred or additional scrip. We left our profits in the business and the result was it was able to take care of the growth of the business at that time. Therefore,when you calculate the profits for the last ten months of 1935 that represents the profit on the accumulated investment in the way of profits from year to year. Profits left in the business, as I think any financial man will agree, is as you would loan money from the bank or you obligated yourself to selling bonds to

MUSIC BUILDING

Thompson

meeting. That is only partially.

THE COMMISSIONER: No, he is asking the witness does that represent the thing you got up and tell me it does not represent. Let the witness answer first and we will see. A. That is misleading.

Well, you are under oath; why do you say that? A. For the reason --

Q. Why do you say it is misleading? A. Because when we first started in business we not only invested $45,000. in preferred and $3,375. in common shares but also we arranged bank loans, from the bank, which represented an obligation of the business or obligated ourselves for $60,000 of bonds in addition to the capital. Now, from year to year we in turn left the bulk of our profits for the first four or five years in our business as working capital because we were in this country and with the growth in the full-fashioned hosiery industry we did not want to go out and pay a high price for money at the time in the way of selling preferred or additional equity. We left our profits in the business and this enabled us -- was it was able to take care of the growth of the business at that time. Therefore, when you anticipate the profits for the last ten months of 1929 that represents the profit on the accumulated investment in the business of profits from year to year. Profits left in the business, as I think any financial man will agree, is as you would loan money from the bank or the obligation yourself by getting notes to

put in the business. It is money no matter what the disguise may be. Therefore, it is working capital.

BY MR.McRUER: Q. Yes, but you have money in the business; on the $48,000. originally invested which showed a return now-- has shown a return to you of $2,159,000. Now, you cannot get away from that fact? A. Not that money by itself.

Q. Well, it grew, it multiplied as it was left in the business. It is true you put in $48,000. and now it shows $2,159,000. Now, you see my purpose is to show in an industry that has tariff protection over a period of years how money multiplies behind that tariff protection. Now, it is rightly or wrongly but I am bringing out the facts.

THE COMMISSIONER: That is, you say the money multiplies that is left in the business ?

MR.McRUER: Yes.

MR. KELLOCK: If it were not left in there would not be anything like that profit.

THE COMMISSIONER: Well, for instance if these profits instead of being left in this business had been put in some other business they might have produced profits in the other business or not, in this other business.

THE WITNESS: Your lordship, if we had started this business on the usual basis it would have had a capitalization set-up of about $300,000. to begin with. $300,000. would , under normal conditions, have been necessary for a business of this kind.

Q. You mean to say you obviated that necessity

put in the business. It is money no matter what the
disguises may be. Therefore, it is working capital.

MY MR. LOCKWOOD: Q. Yes, but you have money in the
business; on the $42,000. originally invested which
showed a return now -- has shown a return to you of
$2,192,000. Now, you cannot get away from that fact?
A. Not that money by itself.

Well, it grew, it multiplied as it was left in
the business. It is time you put in $42,000. and now
it shows $2,192,000. Now, you see my purpose is to show
in an industry that has tariff protection over a period
of years how money multiplies behind that tariff pro-
tection. Now, it is rightly or wrongly but I am
[illegible] it.

THE CHAIRMAN: That is, you say the money multi-
plies that is left in the business?

A. WILSON: If it were not left in there would
not be anything like that profit.

THE CHAIRMAN: Well, for instance if those
profits instead of being left in this business had been
put in some other business they might have produced
profits in the other business or not, in this other
business.

[illegible] this business on the way I begin it would have had a
[illegible], have been
necessary for a [illegible].

[illegible]

by reason of the fact you could borrow money ? A.With the connection we had, with the credit arrangements we had and the support from people that we were doing business with, for instance, the silk suppliers and so on we were able to get all the necessary credit, line of credit from the bank which carried us along on a $48,375. investment until in the following two years we showed a $60,000 bond issue. Now, it is what you would call a more or less out of the way or freak set-up for a business of this kind.

BY MR.McRUER: Q. Even with a $300,000. capitalization it would have done fairly well. A. For a business of its size at that time.

Q. Well, at any rate, you paid the bank interest --

THE COMMISSIONER: The whole thing amounts to this. You are asking the witness to admit that this annual profit of $196,000. represents the profit on $48,000. and he says no, and he explains why he says no. You must leave it there.

THE WITNESS: I cannot subscribe to it.

BY MR.McRUER: Q. Well, you will subscribe to this that in the eleven years $926,332 was paid out in dividends ? A. Right.

Q. So that if we take the original investment of $48,000. that represents an annual rate of dividend on that of 175 per cent per annum.

MR.KELLOCK: It does not.

THE WITNESS: It is not only the $48,000. investment, but also the $60,000. bond issue.

by reason of the fact you could borrow money ? A. With the connection we had, with the credit arrangements we had and the support from people that we were doing business with, for instance, the silk supplies and so on we were able to get all the necessary credit, line of credit from the bank which carried us along on a $48,875. investment until in the following two years we showed a $80,000 bond issue. Now, it is what you would call a more or less out of the way or freak method for a business of this kind.

BY MR.MORUM K: Q. Even with a $300,000. capitalization it would have done fairly well. A. For a business of its size at that time.

Q. Well, at any rate, you paid the bank interest

THE COMMISSIONER: The whole thing amounts to this. You are asking the witness to admit that this annual profit of $106,000. represents the profit on $48,000. and he says no, and he explains why he says no. You must leave it there.

THE WITNESS: I cannot subscribe to it.

BY MR.MORUM: Q. Well, you will subscribe to this that in the eleven years $988,382 was paid out in dividends ? A. Yes.

Q. If we take the original investment of $48,000. that represents an annual rate of dividend on that of 175 per cent per annum.

MR. MORUM: It does not.

THE WITNESS: It is not only the $48,000. investment, but also the $60,000. bond issue.

BY MR. MCRUER: Q. You paid interest on the bonds before you paid the dividends ? A. That was necessarily working capital.

Q. You agreed to pay 7 per cent interest on the bonds, and I have not taken that into consideration. It was charged up before paying any dividends, but after paying the interest on the bonds then you had on the $48,000 investment actual dividends in the eleven years of $926,000.; there is no doubt about that.

A. It is a matter of bookkeeping.

Q. It is not a matter of bookkeeping; it was a matter of cashing the cheques . I say you had; I mean your investors, at any rate, had that, and the rest becomes merely a matter of arithmetical calculation, and I do not see that there can be any argument that that was not at the rate of 175 per cent per annum because that is the return you got, that the investors got,on the money that was invested ? A. I don't think a financial firm or a financial house would calculate on that basis.

BY THE COMMISSIONER: Q. What is that ?

A. I don't think a financial house in loaning money or in trading in money,would work on that basis.

BY MR. MCRUER: Q. Well, I would not be surprised if you were floating a bond issue that we might see something in the prospectus that would almost lead one to believe it was calculated on that basis ? A.Fortunately we have kept away from any promotion .

Q. You did not seem to need that. You paid the dividend on the preferred stock. I am not criticizing

you at all.

BY THE COMMISSIONER: If I had the good fortune to own $5,000. out of that $48,000. which was put up there and I said I will take my interest that comes along I would have earned all that interest, wouldn't I ?

A. The investors were well paid; they are well paid.

Q. That would have been my return ? A. Strange to say when that business was formed it was amazing how few were interested in risking their money in the full-fashioned hosiery business.

BY MR. McRUER: Q. I am not finding any fault with you Mr. Thompson, only it is a matter of information. Then, there is another incident that the others, at any rate -- you say you have not, but the others have put forward the necessity of a specific duty on hosiery of as high as 75 cents a dozen, higher than that.

BY THE COMMISSIONER: Q. This company has had the benefit of whatever duties there are, has it not , although it did not ask for them ? A. Your lordship, in full-fashioned silk hosiery twelve years ago, 1924, the duty was approximately 35 per cent and it cost approximately 40 per cent to land the merchandise into Canada, from the United States, I am speaking of. Hosiery in Canada at that time brought over from the States was retailed at $3.50 a pair. That was about the lowest price stocking that the consuming public could buy in Canada. That is pure thread full fashioned silk hose. When we started to produce hosiery in Canada the first offering we made was on basis where the public was able to secure a better

stocking, or just as good, at the price of $2.00 a pair retail. In other words, the consuming public in Canada when we started manufacturing got the benefit on a basis of $1.50 a pair on just as good or in most cases a better stocking.

Q. What I am talking about is the customs tariff; you never asked for any protection ? A. Never asked for any protection whatsoever from the Government.

Q. And whatever protection was given -- A. It was over ample at the time. The only source of trouble was the dumping of goods into thecountry during the depression in the United States, the unloading into this country of merchandise at low prices.

Q. Now, what is the rate of protection now, the customs duty now?

MR. McRUER: We had that up at Paris. Have you got the Customs Tariff ? A. Your lordship, I am speaking of this pure thread full fashioned silk hose and not any other construction.

Q. We have had the suggestion made to this Commission by some firm that they have lost money on all full fashioned hosiery business they were doing so that is another of my reasons to show that a business that apparently is well managed can make some money ? A. I would think that would be correct. Quite a few have lost money.

Q. Well then, I want to come to another proposition, Mr. Thompson, and that is the full fashioned

stocking, or just as good, at the price of $2.00 a pair retail. In other words, the consuming public is robbed when we started manufacturing not the benefit of a saving of 11.88 a pair as claimed by the Democrats but a better stocking.

Q. What I am talking about is the customs tariff; You never asked for any protection ? A. Never asked for any protection whatsoever from the Government.

Q. And whatever protection was given -- A. It was over ample at the time. The only source of trouble was the dumping of goods into this country during the depression in the United States, the unloading into this country of merchandise at low prices.

Q. Now, what is the rate of protection now, the uniform duty now?

Mr. WOLCOTT: We had that up at York. Have you got the Customs Tariff ? A. Your lordship, I may have and not any other consideration.

Q. We have had the suggestion made to this Commission by some firm that they have lost money on all that fashioned hosiery business they were doing so that is another of my reasons to show that a business that apparently is well managed can make some more ?

A. I would think that would be correct. Quite a few have lost money.

Q. Well then, I want to come to another question, Mr. Thompson, and that is the Full Fashioned

hosiery agreements that were entered into by the manufacturers of full fashioned hosiery with Mr. Hallam. I show you Exhibit No. 564 which contains an agreement a set of agreements dated the 1st of May, 1935, and I want you to look at this one and tell me if this was signed by you ? A. That is right.

Q. That is signed by you? A. That is my signature.

Q. Now, under these agreements -- there were a number of mills, we had it from Mr. Hallam that they got as high as 20 out of 22 at one time. There seems to be quite a volume of those signing this particular agreement in 1935, May 1st, 1935. There were a number of mills that agreed with Mr.Hallam that they would charge certain uniform minimum prices on the different types of hosiery that were manufactured; that is correct, is it not? A. In one sense, it is correct.

Q. Well, if there is anything I have not put orrectly you correct me on it. What is it you say s not correct ? A.When you say there is onstructions it is practically impossible to define just what a comstruction may be. There are so many lifferent ways of making hosiery that there are hardly two stockings alike.

Q. Probably we had better, before we go into it too deeply, just take the phraseology of what you were agreeing to.

"Owing to the fact that misrepresentations are being made as to the prices at which full

boatery agreements that were entered into by the manufacturers of full fashioned hosiery with Mr. Hellam. I show you exhibit No. 564 which contains an agreement a set of agreements dated the 1st of May, 1935, and I want you to look at this one and tell me if this was signed by you ?

A. That is right.

Q. That is signed by you?

A. That is my signature.

Q. Now, under these agreements -- these [illegible] got as high as 80 out of 82 at one time. There seems to be quite a volume of these signing this particular agreement in 1935, May 1st, 1935. There were a number of mills that agreed with Mr. Hellam that they would charge certain uniform minimum prices on the different types of hosiery that were manufactured; that is correct, is it not?

A. In one sense, it is correct.

Q. Well, if there is anything I have not put correctly you correct me on it. What is it you say is not correct ?

A. When you say there is constructions it is practically impossible to outline different ways of making hosiery that there are [illegible] two steadings alike.

Q. Probably we had better, before we go into it [illegible]

[illegible]

fashioned hosiery isbeing sold, and the terms under which it is being sold, with the result that the industry is being demoralized with unfortunate results to employees, retailers and manufacturers, we are giving you the lowest prices at which we sell our full fashioned hosiery to anybody in Canada under any circumstances. We have no objection to your disclosing these prices to other hosiery manufacturers. We give no undertaking not to decrease or increase these prices as the raw material and labor costs vary, but do undertake to notify you in writing if we propose to make any changes fifteen days before announcing any such changes, so that your information will always be correct and up-to-date as regards our mill."

Then, there are a lot of details and there are the prices for group A, six thread not finer than 42 gauge cotton top and foot, 4 thread not finer than 42 gauge, 7 thread not finer than 39 gauge cotton top and foot, and the prices are f.o.b. mill and certain prices for f.o.b. customer and prices for stock at Winnipeg and stock at Vancouver, Calgary and Edmonton. Now, these were the agreements th t were sent out by Mr. Hallam to the mills to be signed, were they not ? A. What date would that be ?

Q. This is May, 1935, the one I have got my hand on. That was not prepared in your office at all, this document, was it ? A. Apparently I signed it.

Tailored hosiery labels said, and the terms under which it is being sold, with the result that the industry is being demoralized in manufacturers, we are giving you the lowest terms at which we will ever tender hosiery to anybody in Denmark under any circumstances. We have no objection to your disclosing these prices to other hosiery manufacturers. We give no undertaking not to decrease or increase these prices as the raw material and labor costs vary, but we undertake to notify you in writing if we propose to make any change. Please note that we undertake to supply hosiery fifteen days before manufacturing any such changes, so that your instructions will always be correct and we shall be able to execute our mill."

Then, there are a lot of details and there are the prices for group A, mix thread not finer than 42 gauge cotton top and foot, 4 thread not finer than 42 gauge, 7 thread not finer than [illegible] and [illegible] stock at Vancouver, Calgary and Edmonton. Now, these were the agreements that were sent out by Mr. Hallam to the mills to be signed, were they not? -- What does would that be?

A. This is May, 1939, the one I have got my hand on. That was not entered in your office at all, this agreement, was it?

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO CANADA

Q. Yes, but it comes from Mr. Hallam. It is a multigraph agreement sent out for each mill to sign and sent back to Mr. Hallam ? A. Well, we ourselves did not have much dealings --

BY THE COMMISSIONER: Q. What is that ?

A. We did not have very many dealings with the other mills. As a matter of fact, practically all our dealings were with Mr. Hallam himself.

BY MR.McRUER: Q. Yes, that is right, you dealt directly with Mr. Hallam but he sent you up the agreement with the prices on it that you were to sign ?

A. Yes.

Q. All ready set out in the agreement ? A. That is correct.

Q. Now, how did you come to agree on these prices? Why didn't you run your own business instead of giving Mr. Hallam an undertaking as to what prices you would sell at ? A. As a matter of fact, we had and always have run our own business.

Q. You were obligating yourself there to charge certain prices and that you would give Mr. Hallam 15 days' notice of any change; that is correct ? A. Well, we had the option of cooperating with Major Hallam or watching the business, that is, the hosiery industry, become more or less, or get into a more or less chaotic condition.

BY THE COMMISSIONER: Q. Pardon me a moment; does this company belong to the Silk Association ?

A. We were members. At the present moment I don't think so, but I don't know, I could not say.

Q. Yes, but it comes from Mr. Mullins. It is a

did not have much dealings --

BY THE COMMISSIONER: Q. What is that ?

A. We did not have very many dealings with the other

mills. As a matter of fact, practically all our d

logs were with Mr. Mullins himself.

BY Mr. [illegible]: Q. Yes, that is right, you dealt

directly with Mr. Mullins but he sent you up the agree-

ment with the prices in it that you were to sign ?

A. Yes.

Q. All ready set out in the agreement ? A. That

is correct.

Q. Now, how did you come to agree on these

of giving Mr. Mullins an undertaking as to what prices

you would sell at ? A. As a matter of fact, we

had and always have run our own business.

Q. You were obliging enough, I mean to charge

certain prices and that you would give Mr. Mullins 15

days' notice of any change; that is correct ? A. Well,

we had the option of cooperating with Major Mullins o

watching the business, that is, the hosiery industry,

become more or less, or get into a more or less

chaotic condition.

BY [illegible]: Q. Parties as a result

Also this Agency relating to the silk manufacturing ?

A. Yes, were dealing, of the yarns, I don't

think so, but I don't know, I would not say.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO CANADA

Q. Did this company attend these meetings we heard about at which these prices were arrived at and finally fixed ?- A. Some of themeetings.

Q. You attended some of the meetings, either you or Mr. Cooke ? A. Yes.

Q. Mr. Cooke occupying what office with your company? A. He is my assistant.

Q. Your assistant ; you would attend meetings at which prices wouldbe arrived at ? A. There would be a discussion of prices at these meetings.

Q. Where would the meetings be held ? A. At Montreal and Toronto.

Q. Now, you, as a matter of fact, complained quite often to Mr. Hallam that other companies were selling at a less price than was shown in these agreements? A. Right.

Q. So that you regarded the agreements as something that the companies should live up to ? A.Right.

Q And I think you got to the stage at some time or other that you threatened to withdraw from the arrangement if the other companies were not made to live up to the agreements ? A. That is right.

Q. Then, you came to the point where it was suggested that there should be a bond of $1,000. put up by each company to ensure the maintenance of the agreement, did you not ? A. I was not at any meeting where that was brought up. I heard about it but it never became effective.

THE COMMISSIONER: Pardon me, who made such a suggestion, this company, or --

MR.McRUER: Q. It was suggested by the members

Thompson

Q. Did the company attend these meetings to hear about at which these prices were arrived at and finally fixed ?- A. Some of the meetings.

Q. You attended some of the meetings, either you or Mr. Cooke ? A. Yes.

Q. Mr. Cooke occupying what office with your company? A. He is my assistant.

Q. Your assistant ; you would attend meetings at which prices would be arrived at ? A. There would be a discussion of prices at these meetings.

Q. Where would the meetings be held ? A. At Montreal and Toronto.

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Q. So that you regarded the agreements as something that the companies should live up to ? A. Right.

Q. And I think you got to the stage at some time or other that you threatened to withdraw from the arrangement if the other companies were not made to live up to the agreements ? A. That is right.

Q. Then, you come to the point where it was suggested that there should be a bond of $1,000. put up by each company to ensure the maintenance of the agreement, did you not ? A. I was not at any meeting where that was brought up. I heard about it but it never became effective.

THE COMMISSIONER: Pardon me, who made such a suggestion, this company, or --

who attended the meeting, wasn't it ? A. I cannot say. I was not at that particular meeting as far as I can recall.

Q. What did you hear about that ? Tell me all about it ? A. Insofar as the bond was concerned, I heard about it some time ago. I cannot recall --

Q. How long ago is it since you heard about it ? A. It would be just about -- off-hand I could not say, probably a year ago, two years ago.

Q. Was it during last year ? A. I don't think so, I think it was prior to that, but it was only talked of. I think it was simply placed in the discard after they had a discussion over it.

Q. Well, I have some letters here on it. I will have to sort them out a little more tonight and boil them down a little, but we will have your own correspondence on that subject because you expressed some of your own views about it and probably can give it to us. However, I want to get into some things that happened in regard to this association this year. We had filed before this Commission as Exhibit 681 a letter from -- no, that is not the one -- a letter from Douglas Hallam to Mr. Burns which reads as follows:

"There is a full fashioned hosiery meeting to be called in Montreal during the week of February 6th, providing every mill in Canada has a representative present who can talk business.

"Canadian Silk Products will be represented by Mr. E. J. Thompson.

"Please advise by wire or telephone that your

who attended this meeting, wasn't it ? A. I cannot say. I was not at the particular meeting as far as I can recall.

Q. What did you hear about that ? Tell me all about it ? A. Inasfar as the bond was concerned, I heard about it some time ago. I cannot recall --

Q. How long ago is it since you heard about it ?

A. It would be hard about -- offhand I could not say, probably a year ago, two years ago.

Q. Was it during last year ? A. I don't think so, I think it was prior to that, but it was only talked of. I think it was simply placed in the discard after they had a discussion over it.

Q. Well, I have some letters here on it. I will have to sort them out a little more tonight and boil them down a little, but we will have your own correspondence on the collateral [illegible] your own views about it and probably can give it to us. However, I want to get into some things that happened in regard to this association this year. We had filed before this Commission as Exhibit 661 a letter from Holland to Mr. Burns which reads as follows:

"Please advise by wire or telephone if you

to be called in Montreal during the week of February 6th, providing every will in Canada has a representative present who can talk business.

Mr. D. J. Thompson.

Thompson mill will be represented."

THE COMMISSIONER: That is in 1933.

MR.McRUER: In 1933, so apparently your contact with this matter had gone back as far as 1933, anyway?

A. About that time we joined up the Association.

Q. Now, I have also a letter, Exhibit 689 from Douglas Hallam to Mr. Burns which reads as follows --

MR. KELLOCK: What is the date of it ?

MR. McRUER: January 22nd, 1936.

"The spokesman who was to approach Canadian Silk Products in Montreal to-day has just advised me that there is no chance of getting Mr. Thompson to agree on any basis acceptable to the other mills. For this reason the market is open but:

"Please remember that silk is $2. per lb.

"That the consumption of silk stockings can take all the Canadian production which is not exported.

"That precipitate action should not be taken." Now, do you recollect what was taking place about January of this year when there was a spokesman came to you , and that you would not agree to any basis acceptable to the other mills ? A. I don't recall just what transpired. I would have to look up our correspondence. I cannot just say off-hand really who called at the time.

Q. Then, I show you a copy of a letter from your own file. Evidently you had gone to the trouble to register it.

ROBT. BRYCE
Chartered Accountant
Montreal

[illegible] - CANADA

"will not be represented."

MR. COMMISSIONER: That is in 1933.

MR. MACKINNON: In 1933, so apparently your contact with this matter had gone back as far as 1933, anyway, about that time we joined up the association.

Now, I have also a letter, Exhibit 889 from Douglas Pullan to Mr. Burns which reads as follows --

MR. MACKINNON: What is the date of it?

MR. [illegible]: [illegible].

"The stockman who was to approach Canadian Silk Products in Montreal to-day has just advised me that there is no chance of getting for Thompson to agree on any basis acceptable to the other mills. For this reason the market is open

"Please remember the 3 silk is $2. per lb.

"that the consumption of silk stockings not exported.

"that practically nothing should be taken. Now, do you recollect what was taking place about January of this year when there was a stockman name you, and that you would not agree to any basis acceptable to the other mills? A. I don't recall just what transpired. I would have to look up our correspondence. [illegible] really was [illegible] at the time.

Then, I show you a copy of a letter from your own file. Evidently you had gone to the trouble to register it.

THE COMMISSIONER: Is that letter in ?

MR.McRUER: No, my lord. I intend to read the letter. You just tell me if you identify it ? A. Yes, I identify it.

Q. You identify it as a letter you sent to the Silk Association ? A. Right .

Q. 350 Bay Street , Toronto ? A. Yes.

THE COMMISSIONER: A letter from Mr. Thompson?

MR. McRUER: A letter from Mr. Thompson to the Silk Association, dated the 6th of February and the signature on it is Canadian Silk Products Limited.

THE COMMISSIONER: What year ?

MR. McRUER: 1936, and it reads as follows: "Attention Major Douglas Hallam, Secretary.

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ROBT. BRYDIS
Chartered Shorthand Reporter
Toronto

"Dear Sirs,

Since our refusd to join the price combine recently proposed by members of the Silk Association for the full fashioned hosiery industry, a certain group of mills have directed unwarranted criticism against Canadian Silk Products Ltd., and have attempted to create the impression in the trade that we are directly responsible for the Association's inability to stabilize hosiery prices. These despicable tactics are entirely contrary to the facts as is evidenced by the number of times we have attended Association meetings with a view to arriving at some constructive arrangement that would stabilize the industry on a basis ensuring a legitimate profit and reasonable price to manufacturer and consumer respectively.

The last meeting of the Hosiery Association in Toronto with this end in view was undubtedly inspired by discussions in our Montreal Office with Mr. Lawrence Mayer of the Julius Kayser Co., New York, and the later discussions which were broadened in their scope to include representatives of Belding Cortecelli Ltd., Butterfly Hosiery Co., Ltd., and Gotham Hosiery Co., Ltd.

Our refusal to accept the price agreement proposed by members of the Silk Association at the Toronto meeting, resulted from information at hand at the time conclusively proving that certain mills were not in a position to carry out the proposals and had no intention of doing so, notwithstanding their expressed statements to the contrary.

In addition to this, we were, and are of the opinion that the proposal was based on price different-

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CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

Since our refusal to join the price combine recently proposed by members of the Silk Association for the full fashioned hosiery industry, a certain group of mills have directed unwarranted criticism against Canadian Silk Products Ltd., and have attempted to create the impression in the trade that we are directly responsible for the Association's inability to stabilize hosiery prices. These deplorable tactics are entirely contrary to the facts as is evidenced by the number of times we have attended Association meetings with a view to arriving at some constructive arrangement that would stabilize the industry on a basis ensuring a legitimate profit and reasonable price to manufacturer and consumer respectively.

The last meeting of the Hosiery Association in Toronto with this end in view was most ably inspired by discussions in our Montreal Office with Mr. Lawrence Meyer of the Julius Kayser Co., New York, and the later discussions which were broadened in their scope to include representatives of Holding Corporation Ltd., Butterfly Hosiery Co., Ltd., and Gotham Hosiery Co., Ltd.

Our refusal to accept the price agreement proposed by members of the Silk Association at the Toronto meeting, resulted from information at hand at the time conclusively proving that certain mills were not in a position to carry out the promises and had no intention of doing so, notwithstanding their expressed statements to the contrary.

In addition to this, we were, and are of the opinion that the proposal was based on price differen-

"ials which are entirely uneconomic and cannot be maintained in practice.

In view of the foregoing situation and the numerous occasions certain members of the Association have sought to convey the impression that we have been the main obstacle in the return to stabilized prices, it is interesting to note that certain mills who profess to be most anxious to stabilize the market have been amongst the first to under-sell the market, and are actively canvassing the trade on prices under generally recognized levels. For instance, notwithstanding the fact that the lowest brand price as far as we aware is $5.90 f.o.b. Mill, and there is no apparent need for a lower branded price, Belding Corticelli Ltd., are offering their branded.75¢ Chiffon and Service Weight lines at $5.80 tax included. Also we are reliably informed, although we have not seen any actual evidence of the sale, that Welldresst Hosiery Company are offering similar prices on their brands. In branded Crepe, Kaysers and Chatelaine are offering the $1.00 line at $7.50 tax included against our price of $7.65 tax included.

In plain packing, Cotham Hosiery Co. are accepting orders for alleged first quality merchandise in ¢ Chiffon and Service Weight at $5.00 plus tax, Mercury at $5.35 plus tax, Corticelli four and six thread plain packing f.o.b. store $5.65 tax included. These quotations have been made in the face of our established prices of $5.45 for six thread Service Weight and $5.65 for the four thread Chiffon, both plus tax. In view of this competition, we have been forced to reduce our prices on these two plain pack numbers.

In the Crepe category, first quality unbranded

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In reason

tials which are entirely unnecessary and cannot be main-
tained in practice.

In view of the foregoing situation and the numerous occasions certain members of the Association have sought to convey the impression that we have been the main obstacle in the return to stabilized prices, it is interesting to note that certain mills who professed to be most anxious to stabilize the market have been amongst the first to under-sell the market, and are actively canvassing the trade on prices under generally recognized levels. For instance, notwithstanding the fact that the lowest bread price as far as we were is $5.10 f.o.b. mill, and there is no apparent need for a lower pressed price, Dowling Dorothy Ltd., are offering their pressed 75# Chiffon and Service Weight lines at $5.80 tax included. Also any actual evidence of the sale, that Wolfenden are offering the $1.00 line at $7.80 tax included against our price of $7.65 tax included.

In plain peeling, Cotton Hosiery Co. are accepting orders for silver fibre quality merchandise in Chiffon and Service Weight at $6.35 plus tax, Dominion Hosiery Co. are offering plain reeling f.o.b. mills $5.45 tax included. These quotations have been given in the face of our actual listed prices of $6.45 for six thread service weight and $7.10 for the four thread CHIFFON, both plus tax. In view of this competition, we have been forced to reduce our prices for plain reeling.

In the three following

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Crepe Chiffon has been offered for some time at $6.50 plus tax while our lowest price has been $7.00 plus tax.

It is at once apparent from the above that the possibilities of establishing a working arrangement amongst members of the Silk Association are decidedly remote; and that the very mills who have so loudly emphasized the need of some stabilizing arrangement, are the first to seize the opportunity of further disrupting the market. In our opinion there are a comparative few who are really sincere in the desire to bring about a correction on an equitable basis.

We have written you in order that the above facts may be placed on record."

Q. So, Mr. Thompson, when you refer to these prices in this letter as " the lowest brand price as far as we are aware is $5.90 f.o.b. mill, that means the lowest price that was named in the most recent agreement that has been entered into, does it not? A. No.

Q. What does that mean? A. As far as we are concerned the lowest price is $5.25, plus tax, f.o.b. mill.

BY THE COMMISSIONER: Q. For what quantities? A. Per dozen.

BY MR. McRUER: Q. Also down in the second paragraph on the second page there is this phrase, "These quotations have been made in the face of our estaglished prices of $5.45 for six thread Service Weight and $5.65 for the four thread Chiffon, both plus tax." Would that be the Association's list price, so to speak? A. No. As I recall it, The Association price at the time was $5.25, whereas

Crepe Chiffon has been offered for some time at $6.50 plus tax while our lowest price has been $7.00 plus tax.

It is at once apparent from the above that the possibilities of establishing a working arrangement amongst members of the Silk Association are decidedly remote; and that the very mills who have so loudly championed the need of some stabilizing arrangement, are the first to seize the opportunity of further disrupting the market. In our opinion there are a comparative few who are really sincere in the desire to bring about a correction on an equitable basis.

We have written you in order that the above facts may be placed on record."

Q. So, Mr. Thompson, when you refer to these prices in this letter as " the lowest bread price so far as we are aware is $5.90 f.o.b. mill, that means the lowest price that was named in the most recent agreement that has been entered into, does it not?

A. No.

Q. What does that mean? A. As far as we are concerned the lowest price is $5.25, plus tax, f.o.b. mill.

Q. For what quantities?

A. Per dozen.

MR. MR. McRUER: Q. Also down in the second paragraph on the second page there is this phrase. "These quotations have been made in the face of our established prices of $5.45 for six thread Service Weight and $5.65 for the four thread Chiffon, both plus tax." Would that be the Association's list price, so to speak? A. No. As I recall it, the Association price at the time was $6.25, whereas

our price was $5.35.

Q. Evidently the competition you complained of had forced you to reduce some of your prices. What was the competition you complained of? Why were you complaining to Mr. Hallam about having competition and registering your letter to him? A. For the reason that Mr. Hallam was seeking to work out some kind of equitable arrangement amongst all the mills so as to stabilize the Canadian indistry on an even keel, having regard to some mills who are not probably strong financially or have not a very decided outlet for their product, and he was trying to work out some arrangement whereby he would be able to get all the mills together.

Q. Well, he had had an arrangement, he told us. The last agreement was signx in September and there were only eleven or twelve came in, so in November, he told us, he had called a meeting and that it was all off. Were you at that meeting? A. No.

Q. But evidently negotiations were being carried on up to February of 1936. Will you tell me whether it was a fact or not that some arrangement was entered into after you wrote this letter in February, 1936? A. We were not at any time keenly interested in the Association other than we wanted to see the market stabilized.

Q. If I am compelled to do so I can read all these letters to show the objections you were making to other people selling below the Associatio prices and things of that sort. A. A lot of

ROBT. BRYCE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

11252 Thompson

our price was $3.85.

Q. Evidently the competition you complained of had forced you to reduce some of your prices. What was the competition you complained of? Why were you complaining to Mr. Mellam about having competition and registering your letter to him? A. For the reason that Mr. Mellam was seeking to work out some kind of equitable arrangement amongst all the mills so as to stabilize the Canadian industry on an even keel, having regard to some mills who are not probably strong financially or have not a very decided outlet for their product, and he was trying to work out some arrangement whereby he would be able to get all the mills together.

Q. Well, he had had an arrangement, he told us. The last agreement was xxxxx in September and there were only eleven or twelve came in, so in November, he told us, he had called a meeting and that it was all off. Were you at that meeting?

A. No.

Q. But evidently negotiations were being carried on up to February of 1926. Will you tell me whether it was a fact or not that some arrangement was entered into after you wrote this letter in February, 1926? A. We were not [illegible]

Q. If I am compelled to go so I can read all these letters to show the objections you were making to other people selling below the Associated [illegible]

these letters we were forced to write in view of the pressure brought upon us to cooperate with mills who never intended to cooperate.

Q. We shall have to hear a little more about that. I just want now to complete this correspondence of 1936 before we get away from it, and it can all go in as one exhibit. Here is a letter from Major Hallam to you dated February 10, 1936:

"Please accept my thanks for your letter of February 6th. I am distressed over the situation which has developed because unless it is stopped it will in the end involve not only the mills but the employees, the retailers and the consumers. As you are aware I am prepared to do everything possible.

My information in regards to differentials between branded and unbranded hosiery is that they exist in every country. In lines other than hosiery, also, such differentials exist in Canada. It may be entirely uneconomic, I do not know, but it apparently exists as a commercial fact.

I will take the liberty of telephoning you the next time I am in Montreal."

Q. Your contention was that the price that was to be agreed upon for branded and unbranded hosiery of the same quality should be the same, they should be sold at the same price? A. Yes

Q. And the contention of other mills was that the branded hosiery might be sold at one price, and the unbranded hosiery at a lower price? A. Yes, depending on the situation.

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Q. Really your contention was an argument in favour of keeping up the price of the unbranded hosiery? A. To stabilize the market on a proper basis.

Q. Whatever may have been your reason for it, it was to keep up the price of unbranded hosiery at the same level as the branded hosiery? A. Quite.

Q. I do not know whether this memorandum I show you will help you to tell what was going on. Is this in your handwriting? A. No.

Q. Would that be Mr. Cooke's handwriting? A. I think so.

Q. It is dated May 5, 1936, on the letter paper of the Royal York Hotel, Toronto, so it rather looks as if there was some meeting being held at the Royal York Hotel at that time.

A. I or Mr. Cooke or probably both of us --

THE COMMISSIONER: What is the date of it?

Mr. McRUER: May 5, 1936. It is a pencil memorandum.

THE COMMISSIONER: Not signed by anyone?

MR. McRUER: Not signed by anybody, but Mr. Thompson says it is in Mr. Cooke's writing. I will read it:

Minimum Prices

Unbranded $5.25 plus tax, 75 cents.

Branded, F.O.B. mill $5.95, tax included.

Under the $5.25 price for the unbranded there is 75 cents in a circle. I suppose that was the retail price. A. Retail.

Q. And under the other price for the branded appears $1.00 in a circle. The memorandum goes on:

ROBT. BRYDIE
CHARTERED STENOGRAPHER
TORONTO - CANADA

Thompson

in favour of keeping up the price of the unbranded
boots? A. To stabilize the market on a
[illegible].

[illegible] have been your reason for it,
it was to keep up the price of unbranded boots --
at the same level as the branded boots? A. Quite.

[illegible]

show you will help you to tell what was going on.
Is this in your handwriting? A. No.

Q. Would that be Mr. Cooke's handwriting?

A. I think so.

Q. It is dated May 5, 1926, on the letter
paper of the Royal York Hotel, Toronto, so it
rather looks as if there was some meeting being
held at the Royal York Hotel at that time.

A. I or Mr. Cooke or probably both of us --

THE COMMISSIONER: What is the date of it?

MR. MORDEN: May 5, 1926. It is a pencil
memorandum.

Not signed by anyone?

Not signed by anybody, but Mr.
Thompson says it is in Mr. Cooke's writing. I
will read it:

"Minimum Prices

Unbranded 50.50 plus tax, 75 cents.

Branded, f.o.b. mill $5.00, tax included.

Under the $5.50 price for the unbranded there is
to write in a circle. I suppose that was the retail
price. A. Retail.

"... and under the other price for the branded
figures $1.00 in a circle. The memorandum goes

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Branded, except crepe, mill or destination, $7.50 tax included.

Unbranded in this category, $6.25 plus tax.

Branded crepe, mill or destination, $7.75 tax included.

$6.50. Effective for all unconfirmed orders.

Q. Now after reading this memorandum do you recollect the meeting in Toronto in May last when something of this nature was arrived at?

A. I have attended meetings in Toronto but as to that specific one I would have to look up my records at the office.

Q. Perhaps you will have Mr. Cooke tell us about it tomorrow morning because it looks as if something was arrived at for it says "effective for all confirmed orders," and some correspondence that took place afterwards makes me think that --

A. Perhaps Mr. Berry could recall if I was at that meeting.

Q. We may have to ask Mr. Berry a few questions about this too. The next is a letter dated May 14, 1926, from Mr. Cooke to W. Holzman, The Gainsboro Shoppe Ltd., Ottawa:

"Dear Bill:-

Many thanks for your letter of the 12th inst. As requested we are putting through a credit for three pairs of style 240 given away in connection with your Screenland Fashion Review.

We are surprised to note that Gothams are offering perfect Chiffon for $5.00 tax included, particularly in view of the

Q. I have attended meetings in Toronto but as to that specific one I would have to look up my records at the office.

Q. Perhaps you will have Mr. Cooke tell us about it tomorrow morning because it looks as if something has arrived at Ottawa "effective for all confirmed orders," and some correspondence that took place after/with means me think that --

A. Perhaps Mr. Berry could recall if I was at that meeting.

Q. We may have to ask Mr. Berry a few questions about this too. The next is a letter dated May 14, 1940, from Mr. Cooke to W. Hofmann, The Gainsboro Shoppe Ltd., Ottawa:

"Dear Bill:-

Many thanks for your letter of the 13th inst. As requested we are putting through a credit for three pairs of style 240 given away in connection with your Sorensband reebok below.

In our attempt to make this value [illegible] offering perfect Oxford for $5.00 [illegible], particularly in view of the

Branded, except crepe, mill or destination, $7.50 tax included.

Interned in this category, $6.85 plus tax.

Branded crepe, mill or destination, $7.75 tax included.

$6.50. Effective for all unconfirmed orders.

Q. Now after reading this memorandum do you recollect the meeting in Toronto in May last when a meeting or this nature was arrived at?

express agreement made by Mr. John Eagan himself that he would establish a minimum price of $5.25 plus tax. It seems rather unfortunate that the future of the hosiery industry should be jeopardized by this type of operating.

P.S. Will you please advise the date that Mr. Seeley called on you and offered chiffon hose at $5 tax included. This date is very important."

There is written across the postscript May 12th, 11.30 a.m., Bill.

Q. Who is Bill ? A. Mr. Holzmen.

Q. He wrote across the bottom of the letter "May 12th, 11.30 a.m.,"and returned the letter to you. A. That is right.

Q. The postscript reads, "Will you please advise the date that Mr. Seeley called on you and offered chiffon hose at $5 tax included. The date is very important." Now why was the date very important? A. For the reason of the understanding with the Association that a new price would be established at a certain date, and in order to ascertain whether the Gotham people were deliberately breaking their agreement it was necessary to know the date,

Q. Seeley would be a representative of whom? A. The Gotham Hosiery Company.

Q. Would it be unbranded hosiery that Mr. Cooke or you were discussing in this letter? A. It would apply to both because the particular

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himself that he would extol at a minimum price of $5.75 plus tax. It seems rather unfortunate that the future of the bakery industry should be jeopardized by this type of operation.

P.S. Will you please advise the date that Mr. Beeby called on you and offered cotton hose at $5 tax included. This date is very important."

There is written across the postscript "May 14th, 11.30 a.m., Will.

C. He wrote across the bottom of the letter "May 15th, 11.30 a.m.," and returned the letter to you. A. That is right.

C. The postscript reads, "Will you please advise the date that Mr. Beeby called on you and offered cotton hose at 5% tax included. The date is very important." Now why was the date very important?

A. For the reason of the understanding with the Association that a new price would be established at a certain date, and in order to ascertain whether the Gotham people were deliberately breaking their agreement it was necessary to know the date.

Q. Would it be unbecoming bakery-that Mr. Cooke or you were discussing in this letter?

firm in question had sold both.

Q. On this pencil memorandum on the Royal York Hotel paper the unbranded price was $5.25, and you say in this letter, "We are surprised to note that Gothams are offering perfect chiffon for $5 tax included, particularly in view of the express agreement made by Mr. John Eagan himself that he would establish a minimum price of $5.25 plus tax." That memorandum, which will be in Exhibit 793, is dated May 5. Now from that would it be a fair conclusion that a new price agreement had been arrived at on May 5, and that you were complaining in your letter to Holzman that the Gotham Hosiery had sold below the price agreement? A. That would be a fair statement.

Q. That is a fair statement of it.

THE COMMISSIONER: What did Mr. Hallam say about it? Did he not say that the agreement that had been arrived at in September was abandoned and that that was the end of it.

MR. McRUER: That is what I gather.

THE COMMISSIONER: That was my recollection.

THE WITNESS: There was no definite agreement for the last eighteen months.

THE COMMISSIONER: I would like to know what the position right now is.

BY MR. McRUER: Q. You say that there never was a definite arrangement or agreement in the last eighteen months, and yet you are writing this man on May 14, 1936. A. For the reaso

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CHARTERED STENOGRAPHIC
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firm in question had sold both.

Q. On this pencil memorandum on the Royal York Hotel paper the underscored price was $5.25, and you say in this letter, "We are surprised to note that Gotham are offering perfect anitton for +5 tax included, particularly in view of the express agreement made by Mr. John Hagan himself that he would establish a minimum price of $5.25 plus tax." That memorandum, which will be in Exhibit 795, is dated May 5. How from that would it be a fair conclusion that a new price agreement had been arrived at on May 5, and that you were complaining in your letter to Holman that the Gotham Hosiery had sold below the price agreement?

A. That would be a fair statement.

Q. That is a fair statement of it.

about it? Did he not say that the agreement that had been arrived at in September was abandoned and that that was the end of it.

THE COMMISSIONER: That was my recollection.

for the last eighteen months.

the position right now is.

BY MR. MCHUGH: Q. You say that there never was a definite arrangement or agreement in the last eighteen months, and yet you are writing this man on May 14, 1936. A. For the reason

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that we could not get 100 per cent cooperation.

Q. Whether you had 100 per cent cooperation or not, Mr. Cooke was writing to Holzman, who is a retailer in Ottawa, on May 14, 1936. That is correct? A. Yes.

Q. Saying, "We are surprised to note that Gothams are offering perfect chiffon for $5 tax included, particularly in view of the express agreement made by Mr. John Eagan himself that he would establish a minimum price of $5.25 plus tax. It seems rather unfortunate that the future of the hosiery industry should be jeopardized by this type of operating. P.S. Will you please advise the date that Mr. Seeley called on you and offered chiffon hose at $5 tax included. This date is very important." Now do you say that at that time you did not consider that the Gotham company was committing a breach of their agreement. A. They were, for the reason that they agreed to maintain a certain price. On the other hand you would not call it 100 per cent agreement for the reason that they did not agree; from the very start they did not carry out their agreement or their obligations.

BY THE COMMISSIONER: Q. This particular company? A. This particular company.

BY MR. McRUER: Q. Well, you had agreed? A. We had agreed, yes.

Q. And I think others had agreed. A. We could not convince ourselves they would all agree. It was more to cooperate with Mr. Hallam.

Q. Whatever your purpose was, whether to

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cooperate or otherwise, you thought you were in an agreement with Gotham because you are complaining because he had broken it. A. After a short period in the Association we were not so optimistic as to think we could get 100 per cent cooperation at any time.

Q. That is after three years in the Association. I am dealing now with 1936. You started in the Association in 1933? A. 1933, yes.

Q. The next is a copy of a letter from Mr. Cooke, because it bears his initials in the corner, to Mr. Holzman, marked "confidential", and dated May 16, 1936. It reads:

"Dear Bill:-

Many thanks for the pen and ink memorandum answering the question we raised in regard to Cotham's offer. The reason we asked you is because they denied that they have offered hosiery under the $5.25 plus tax price since May 5."

They had denied that they had offered hosiery under $5.25 since May 5, and May 5 is the date of the memorandum on the letterhead of the Royal York Hotel. This letter goes on:

"We received a visit this morning from a representative of the Street Car Advertising Company, and he stated that they had been asked by you to approach us with regard to street car advertising which you wish to carry on with us on a cooperative basis."

That paragraph deals with something else and has nothing to do with this subject.

cooperate or otherwise, you thought you were in an
agreement with Cohen concerning [illegible]
because he had broken it. A. After a short
period in the Association we were not so optimistic
as to think we could get 100 per cent cooperation
at any time.

Q. What is after three years in the Association. I am dealing now with 1936. You started in the Association in 1933? A. 1933, yes.

Q. The next is a copy of a letter from Mr. Cooke, because it bears his initials in the corner, to Mr. Hofmann, marked "confidential", and dated May 16, 1936. It reads:

"Dear Bill:

Many thanks for the pen and ink memorandum answering the question we raised in regard to Cohen's offer. The reason we cannot [illegible] is because they denied that they have offered [illegible] tax price since May 5."

They had denied that they had offered hosiery under $3.85 since May 5, and May 5 is the date of the memorandum on the letterhead of the Royal York Hotel. This letter goes on:

"We received a visit this morning from a representative of the Street Car Advertising Company, and he stated that they had been asked by you to approach us with regard to street car advertising which you wish to carry on with us on a cooperative basis."

That paragraph deals with something else and has nothing to do with this subject.

The next is a copy of a letter from Mr. Cooke to Major Douglas Hallam, dated May 16, 1936:

"Dear Major:-

Mr. Berry of your local office advised the writer that he had been in communication with Mr. John Eagan of the Gotham Hosiery Company, and Mr. Eagan told him definitely that they had not offered any hosiery under the Silk Association agreement since it went into effect."

Mr. Cooke is putting it in good plain English there, isn't he, Mr. Thompson ? It goes on:

"We have taken the trouble to check on this and find that their representative offered one of our Ottawa accounts chiffon hose first quality at $5 tax included on the morning of May 12th at 11.30 o'clock."

So we have the time, the place and the hour. It goes on:

"We have endeavoured to communicate with Mr. Berry in this connection this morning and find that he is out of town. We therefore refer the matter to you, and it would appear to us to be a good plan to approach the Gotham Company with a view to having them give a definite assurance in writing that they are stopping the activities of their representative in this respect."

I do not find on the file any reply from Major Hallam with respect to that, but perhaps Mr. Berry can tell us what happened.

The next is a letter dated July 3, 1936,

The next is a letter dated July 5, 1956.

"Dear Major:-

I do not find on the file any reply from Major de Vlam with respect to that, but perhaps Mr. Henry Dee will be more successful.

The next is a letter from Mr. Cooke to Major Norgins Mellam, dated May 10, 1956:

"Dear Major:-

Mr. Henry of Vale Dairy Supplies advised the writer that he had been in communication with Mr. John Dacon of the Gotham Dairy Company, and Mr. Dacon told him definitely that they had not offered any bribery under the Milk Association agreement since it went into effect."

Mr. Cooke is putting it in good plain English there, isn't he, Mr. Thompson? It goes on:

"We have taken the trouble to check on this and find that their representative offered one of our file a discount amounting to 2½ per cent included on the morning of May 14th at 11.15 o'clock."

So we have the time, the place and the bribe. It goes on:

"We have endeavoured to communicate with Mr. Berry in this connection this morning and find that he is out of town. We therefore refer the matter to you, and it would appear to us to be a good plan to approach the Gotham Company with a view to having them give a definite assurance in writing that they are stopping the activities of their representative in this respect."

from Mr. Cooke to Mr. Hallam:

"We have endeavoured to get in touch with Mr. Berry today but have been informed by your local office that he will be in Toronto for some time.

We feel that some action should be taken immediately to stop the evasive practice of selling merchandise under the Association's minimums under the guise of "run of mill" hosiery. Apparently this is being carried on now by several mills and they are offering prices in the vicinity of $4.75 plus the tax. The merchandise to all intents and purposes is first quality and a direct breach of the agreement which is now in existence."

Now, Mr. Thompson, it appears that you regarded that there was a definite agreement in existence in July, 1936, in respect to prices. A. Right, in the sense that a number of mills carried out their agreement and some did not.

THE COMMISSIONER: Apparently whatever the number may have been of those who agreed, Major Hallam was still the central figure because he is the one that you wrote complaints to.

THE WITNESS: He was the secretary of the Association.

BY MR. McRUER: Q. And it was understood that he was the man to whom you would make complaints with respect to breaches of the agreement? A. Quite.

Q. The letter goes on:

"We understood from Mr. Berry recently that Mr. Hummel would consult with Mr. Eagen

From Mr. Cooke to Mr. Mellam:

"We have endeavored to get in touch with Mr. Berry today but have been informed by your local office that he will be in Toronto for some time.

We feel that some action should be taken immediately to stop the evasive practice of selling merchandise under the manufacturer's minimum under the guise of "gift or merit" coupons. Apparently this is being carried on now by several mills and they are offering prizes in the vicinity of $4.75 plus the tax. The merchandise to all intents and purposes is right merit and a direct breach of the agreement which is now in existence."

Now, Mr. Thompson, it appears that you recorded that there was a verbal agreement in existence in July, 1935, in respect to prizes. A. Right, in the sense that a number of mills carried out their agreement and some did not.

Q. Approximately whatever the number may have been of those who agreed, Mr. Mellam was still the central figure because he is [illegible] association.

A. Quite.

Q. The letter goes on:

"We understood from Mr. Berry recently that Mr. Bunnel would consult with Mr. Berry today but have been informed by your local office that he will be in Toronto for some time.

We feel that some action should be taken immediately to stop the evasive practice of selling merchandise under the manufacturer's minimum under the guise of "gift or merit" coupons. Apparently this is being carried on now by several mills and they are offering prizes in the vicinity of $4.75 plus the tax. The merchandise to all intents and purposes is right merit and a direct breach of the agreement which is now in existence."

Now, Mr. Thompson, it appears that you recorded that there was a verbal agreement in existence in July, 1935, in respect to prizes. A. Right, in the sense that a number of mills carried out their agreement and some did not.

Q. Approximately whatever the number may have been of those who agreed, Mr. Mellam was still the central figure because he is [illegible] association.

A. Quite.

Q. The letter goes on:

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of the Gotham Hosiery Company with a view to having them change their present tactics, but we have received no word since our conversation on this point some weeks ago, and can only conclude that he was not successful."

Q. Who is Mr. Hummel? A. One of the managers, I think, or an officer of the Mercury Hosiery Company of Hamilton.

Q. And where did Gotham carry on business? A. At St. Hyacinthe, Quebec.

Q. How were they going to get Hummel to consult with Mr. Eagan, that distance apart? A. Mr. Hummel makes periodical trips to their sales office in Montreal, and Mr. Eagan also makes trips to their Montreal sales office.

Q. The letter goes on:

"Unless the Association is able to put a stop to these practices we intend to set up our own price structure, and we would ask you to be kind enough to give the various members fair warning that we intend to do this. We have been extremely considerate in holding back notwithstanding the underselling that we are continuing encountering but we do not intend to continue to take it on the chin in this respect any longer."

I suppose Mr. Cooke conferred with you in respect to these matters when they arose? A. In most cases, yes.

Q. What is meant by this, that you "intend to set up our own price structure." A. Well,

of the Gotham Society dancing with a view to
having them observe their present beating,
but we have received no word since our con-
versation on this point some weeks ago, and
can only conclude that he was not successful."

Q. Who is Mr. Immerel? A. One of the
managers, I think, or an officer of the Mercury
Insurance Company of Hamilton.

Q. And where did Gotham carry on business?

A. At St. Hyacinthe, Quebec.

Q. Now were they going to get Immerel to

A. Mr. Immerel wrote periodical letters to their
Quebec office in Montreal, and Mr. Tegan
[illegible] to their Montreal office.

Q. The letter goes on:

"Unless the Association is able to
put a stop to these practices we intend to
set up our own price structure, and we would
ask you to be kind enough to give the
various members fair warning that we intend
to do this. We have been extremely consi-
derate in holding back notwithstanding the
understanding that we are continuing en-
countering but we do not intend to continue
to see it on the skin in this respect any
longer."

A. In most cases, Yes.

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X to begin with, we make more a quality product than most mills. We work on a quality basis. Our hosiery is ninety per cent style today. It is considered in a category of style, colour, sheerness of fabric and wearing quality. We have established our line on a consumer acceptance basis to the point that we have a steady demand that takes probably 75 per cent of our production throughout the year. That is the quality on which we have been working, and the standard we have set up allows us to get a better price than the average manufacturer of hosiery. /

Q. But were you intending to set up your own price structure? A. When our prices are established on the same basis as all the other mills in Canada, it would mean that there would be three or four mills enjoying the bulk of the business, the ones who are making quality hosiery, and the ones who are not would find trouble in selling their production. For that reason when any agreement was set up that fixed a price basis we enjoyed the benefit of more business, I would say, than the operator who made poorer merchandise.

Q. But when you mention here, "Unless the Association is able to put a stop to these practices we intend to set up our own price structure," is it a fair inference that you intended to lower your prices below the prices that were agreed upon by the members of the Association?

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CHARTERED STENOGRAPHER
REPORTER
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with, we make more a quality product
than most mills. We work on a quality basis.
is considered in a category of style, colour,
evenness of fabric and wearing quality.
We have established our line on a customer
confidence basis to the point that we have a steady
demand that takes probably 75 per cent of our
production through at the year. That is the
quality on which we have been working, and the
standard we have set up allows us to get a
better price than the average manufacturer of
hosiery.

Q. But were you intending to set up your
own price structure? A. When our prices
are established on the same basis as all the
other mills in Canada, it would mean that there
would be three or four mills employing the bulk of
the Canteen, the ones who are making quality
hosiery, and the ones who are not would find
trouble in selling their production. For
that reason when any agreement was set up that
fixed a price basis we enjoyed the benefit of more
business, I would say, than the operator who made
poorer merchandise.

Q. But when you mention here, "Unless the
circumstances in which we put in these prices
ceases we intend to set up our own price structure,"
is it a fair inference that you intended to lower
your prices below those that were agreed
upon by the members of the Association?

A. It was our intention to meet any price quoted.

Q. Yes, you were in a pretty fair position to do it. A. We did not want to break the market.

EXHIBIT 793: Correspondence between Canadian Silk Products Limited and Major Hallam.

-- Adjourned at 5 p.m., to resume tomorrow at 10 o'clock a.m., Saturday, October 31st, 1936.

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CHARTERED STENOGRAPHIC
REPORTER

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ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

EIGHTIETH DAY

(October 31, 1936)

Robert Brydie,
Official Reporter.

EIGHTIETH D..

(October 21, 19..)

Robert Brydie,
Official Reporter.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Company.
S.G. Lixon, K.C.	For Courtaulds, Limited.
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Products Limited.

Montreal, P.Q.,
Saturday, October 31, 1936.

-- The Commission resumed at 10 A.M.

MR. McRUER: My lord, just before I go on with Mr. Thompson, I have a list of the mills to whom Mr. Howson has sent the questionnaire, and insofar as the inquiry at Ottawa is concerned we will then be continuing with matters that more or less generally affect the industry, and these mills that are enumerated in the list to whom the questionnaire has been sent in particular. I have suggested to my friend Mr. Kellock that insofar as the mills are not specially represented by some counsel -- for instance, my friends Mr. Geoffrion and Mr. Heward and Mr. Ballantyne appear particularly for the Dominion Textile Company. We have had other counsel who have appeared particularly for certain mills, and Mr. Kellock has appeared in general for others.

THE COMMISSIONER: I thought Mr. Kellock was appearing for this Association.

MR. McRUER: And for the members of the Association.

MR. KELLOCK: I did not hear your lordship.

THE COMMISSIONER: I have understood all along that you were appearing for these associations and the members of these associations.

MR. KELLOCK: Yes, my lord, that is correct.

THE COMMISSIONER: You are referring now to --

MR. McRUER: I am not sure whether any on this list are not members of the Association. There may be

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
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Montreal, P.Q.,
Saturday,October 31,

-- The Commission resumed at 10 A.M.

MR. MORDEN: My lord, just before I go on with Mr. Thompson, I have a list of the mills to whom Mr. Newson has sent the questionnaire, and inasfar as the inquiry at Ottawa is concerned we will then be continuing with matters that more or less generally affect the industry, and those mills that are enumerated in the list to whom the questionnaire has been sent in particular. I have suggested to my friend Mr. Kellock that inasfar as the mills are not specially represented by some counsel -- for instance, my friends Mr. Geoffrion and Mr. Heward and Mr.Ballantyne appear particularly for the Dominion Textile Company. We have had other counsel who have appeared particularly for certain mills, and Mr. Kellock has appeared in general for others.

THE COMMISSIONER: I thought Mr. Kellock was appearing for this Association.

MR. MORDEN: And for the members of the Association.

MR. KELLOCK: I did not hear your lordship.

THE COMMISSIONER: I have understood all along that you were appearing for these associations and the members of these associations.

MR.KELLOCK: Yes, my lord, that is correct.

THE COMMISSIONER: You are referring now to --

MR. MORDEN: I am not sure whether any on this list are not members of the Association. There may

some.

THE COMMISSIONER: Mr. Kellock can tell us.

MR. KELLOCK: Yes, there are some that are on that list some whom my clients and myself have no instructions.

THE COMMISSIONER: What about Mr. Lanctot ?

MR. KELLOCK: Well, I associate myself with Mr. Lanctot, my lord.

MR. McRUER: What I was going to suggest was that I hand this list to Mr. Kellock and insofar as there may be some on it from whom he says he has no instructions it may be that Mr. Berry might communicate with them and something be done about it because otherwise we will have to proceed at Ottawa and deal with the affairs of the industry insofar as they affect these mills in general.

MR. KELLOCK: I am informed, my lord, by Mr. Berry that my friend has already been furnished with a list of the mills for whom I act through the Association.

MR. McRUER: Well, that may be.

THE COMMISSIONER: The mills you refer to now have all received the questionnaire.

MR. McRUER: Have all received a questionnaire from Mr. Howson.

THE COMMISSIONER: Have they all answered it ?

MR. McRUER: I don't think they have all answered it.

THE COMMISSIONER: They all know what is going on.

ROBT. BRYDIS
CHARTERED STENOGRAPHIC REPORTERS
TORONTO - CANADA

that list some whom my clients and myself have no instructions.

THE COMMISSIONER: What about Mr. Lamontt ?

MR. KELLOCK: Well, I associate myself with Mr. Lamontt, my lord.

MR. MONROE: What I was going to suggest was that I hand this list to Mr. Kellock and Lasofer as there may be some on it from whom he says he has no instructions it may be that Mr. Berry might communicate with them and something be done about it because otherwise we will have to proceed at Ottawa and deal with the affairs of the industry Lasofer as they affect these mills in General.

MR. KELLOCK: I am informed, my lord, by Mr. Berry that my friend has already been furnished with a list of the mills for whom I act through the Association.

MR. MONROE: Well, that may be.

[illegible]

MR. MONROE: Have all received a questionnaire from Mr. [illegible].

THE COMMISSIONER: Have they all answered it ?

MR. MONROE: I don't think they have all answered it.

THE COMMISSIONER: They all know what is going

on.

MR. McRUER: They all know what is going on, and insofar as mantters may be dealt with before the Commission I just want to take this opportunity of publicly notifying them , at any rate, that we are going to proceed with these matters at Ottawa.

THE COMMISSIONER: We had better read out the list then.

MR. McRUER: Well, it is a very long one.

THE COMMISSIONER: It does not matter; get it into the record. The secfetary might read it.

MR. McRUER: And if they desire to be represented independently of Mr. Kellock they may do so or if they desire to be represented by Mr. Kellock we will be pleased to have him. Then, probably we had better have the list read out so that we have it on the record.

SECRETARY WHITELEY: The list is divided into divisions. The first is cotton piece goods division. Canadian Cottons Limited, Montreal, Que.; Dominion Textile Co. Limited, Montreal, Que.; Montreal Cottons Limited, Montreal, Que.; Wabasso Cotton Co. Limited, Three Rivers, Que.; Dominion Fabrics Limited, Dunnville, Ont.; Cosmos Imperial Mills Limited, Hamilton, Ont.; Goodyear Cotton Co. of Canada, Limited, St. Hyacinthe, Que.; Woods Manufacturing Co. Limited, Montreal, Que.;

Silk Manufacturers Division. Albert Godde Bedin Limited, St.John's, Que.; Acton Vale Silk Mills, Limited, Acton Vale, Que.; Associated Textiles of Canada, Limited, Louiseville, Que.; Belding-Corticelli

Limited, Montreal, Que.; M. E. Binz Co., Ltd. Montmagny, Que.; British American Silk Mills Limited, Granby, Que.; Bruck Silk Mills Limited, Cowansville, Que.; Canadian Silk Mills Reg'd. St.Hyacinthe, Que.; Consolidated Silk Mills Limited, St.Hyacinthe, Que.; The B. Edmond David Silk Mills of Canada, Ltd., Hawkesbury, Ont.; Dominion Silk Mills Limited, Toronto, Ont.; Grouts Limited, St. Catherines, Ont.; L.& L. Textiles Limited, Toronto, Ont.; Riverside Silk Mills Limited, Galt, Ont. Louis Roessel and Co. Limited, Drummondville, Que.; Royal Silk Mills of Canada Inc., Montreal, Que.; Slingsby Silks Limited, Brantford, Ont.; Canadian Celanese Limited, Drummondville, Que.; Courtaulds (Canada) Limited, Cornwall, Ont.

Woollen Manufacturers Division. Full information Requested: Ayers Limited, Lachute Mills, Que.; Barrymore Cloth Co., Limited, Toronto, Ont.; Bates and Innes Limited, Carleton Place, Ont.; Brook Woolen Co. of Simcoe Limited, Simcoe, Ont.; Campbellford Cloth Company Limited, Campbellford, Ont.; Dominion Woollen and Worsteds Limited, Peterboro, Ont.; Dupont Textiles Limited, Toronto, Ont.; Glen Woollen Mills Limited, Glen Williams, Ont.; Guelph Carpet and Worsted Spinning Mills Limited, Guelph, Ont.; Hield Bros. Limited, Kingston, Ont.; Horn Bros. Woollen Co. Ltd., Lindsay, Ont.; J. A. Humphrey & Son, Limited, Humphrey's Mills, N.B.; Kenwood Mills Limited, Arnprior, Ont.; Leach Textiles Limited, Huntingdon, Que.; Maitland Spinning Mills Limited, Listowel, Ont.; National Textiles Limited, Toronto, Ont.; Paris Wincey Mills Co. Limited, Paris, Ont.; Paton Manufacturing Co. Limited,

Sherbrooke, Que.; Patons and Baldwins Limited, Preston, Ont.; Porritts and Spencer (Canada) Limited, Hamilton, Ont.; Renfrew Textiles Limited, Renfrew, Ont.; Renfrew Woollen Mills, Renfrew, Ont.; Rosamond Woolen Co., Limited, Almonte, Ont., St.John's Textile Mills Limited, St. John's, Que.; Slingsby Manufacturing Co. Limited, Brantford, Ont.; Tayside Textiles Limited, Perth, Ont.; Warwick Woollen Mills Limited, Warwick, Que.; York Knitting Mills Limited, Toronto, Ont.

Partial information Requested: St. George Woollen Mills Limited, St.George de Beauce, Que.; Thoburn Woollen Mills, Almonte, Ont.; Bird Woollen Mill Co. Ltd., Bracebridge, Ont.; Northern Textiles Limited, Chesley, Ont.; Northern Textiles Limited, Owen Sound, Ont.; Oxford Woollen Mills Limited, Oxford, N.S.; Penmans Limited, Waterford, Ont.; Saguenay Spinners Limited, Chicoutimi, Que.;

Hosiery Manufacturers Division. Full information Requested: The Allen-A Company of Canada, Limited, Hanover, Ont.; The Butterfly Hosiery Co. Limited, Drummondville, Que.; Canadian Silk Products Corporation, Sherbrooke, Que.; The Chipman Holten Knitting Co. Limited, Kincardine, Ont.; The Clinton Knitting Co. Limited, Clinton, Ont.; Eastern Hosiery Mills Limited, Truro, N.S. Gotham Hosiery Company of Canada,Limited, St.Hyacinthe, Que.; Herbert Hosiery Mills of Canada Limited, London, Ont.; Hosiers Ltd. Woodstock, Ont.; Julius Kayser & Company, Limited, Sherbrooke, Que.; London Hosiery Mills Limited, London, Ont.; National Hosiery Mills Limited, Hamilton, Ont. New Knit Hosiery

Ont.; Formitia and Spencer (Canada) Limited, Hamilton
Woollen Mills, Renfrew, Ont.; Rosemond Woolen Co.,
Alberton, Toronto, Ont.; St.Lawrence Textile Mills Limited,
St. John's, Que.; Stanley Knitting Co. Limited,
Brantford, Ont.; Tayside Textiles Limited, Perth, Ont.;
Vernon Woollen Mills Limited, Vernon, Que.; York
Knitting Mills Limited, Toronto, Ont.

Partial Information Received: St. George
Woollen Mills Limited, St.George de Beauce, Que.;
Mill Co. Ltd., Bracebridge, Ont.; Fortham Textiles
Limited, Stanley, Ont.; Gotham Textiles Limited,
New Hazel, Ont.; Hazel Textiles Mills Limited, Waterloo,
Ont.; Penman Limited, Paris, Ont.; Regency
Fabrics Limited, Clayton, Que.;

No Longer Manufacturing Textiles: The Allen-A Company of Canada, Limited,
Drummondville, Que.; Canadian Silk Products Corpo-
ration, Kingsville, Ont.; The Dalhousie Knitting
Co. Limited, Dalhousie, N.B.; Dominion Textile Company
Limited, Montreal, Que.; Dunlop Textiles Limited,
St.Hyacinthe, Que.; Herbert Hosiery Mills of Canada
Limited, London, Ont.; Hudson Bay Mining and Smelting
Co. Limited, Flin Flon, Man.; Imperial Woollen Mills Limited,
Toronto, Ont.; Kentucky Mills Limited, Kentville, N.S.;
Lowney Mills Limited, Montreal, Que.; Roy Knit Hosiery

Mills, Limited, Montreal, Que.; Nordic Hosiery Limited, Granby, Que.; Richmond Hosiery Limited, London, Ont.; Royal Knitting Co.,Limited, Guelph, Ont.; St. John's Silk Co., Limited, St.John's, Que.; Supersilk Hosiery Mills Limited, London, Ont.; Toronto Hosiery Co. Limited, Toronto, Ont.; Veldrest Hosiery Limited, Mt.Dennis, Ont.;

Partial Information Requested. The Arkona Woollen & Knitting Mills, Arkona, Ont.; The Celtic Knitting Co. Limited, Montreal, Que.; Comfort Hosiery Limited, Montreal, Que.; J. G. Field & Son, Tavistock, Ont.; Fred R. Folsom & Co. Toronto, Ont.; Goodwear Hosiery Mills Ltd., Ste.Anne de la Perade, Que.; Massey Knitting Co.,Limited, Montreal, Que.; Henri Napoleon Biron, Nicolet, Que.; The Prospect Knitting Co. Hamilton, Ont.

Knit Goods Division. Full Information Requested. Atlantic Underwear Limited, Moncton, N.B.; R.M. Ballantyne Limited, Stratford, Ont.; Beaunit Mills Limited, Toronto, Ont.; Canadian Consolidated Felt Co. Limited, Kitchener, Ont.; Canadian U.S.Knitting Co. St.Hyacinthe, Que.; Code Felt and Knitting Co. Ltd., Perth, Ont.; Dods Knitting Co.Ltd., Orangeville, Ont.; The Eaton Knitting Co.Limited, Toronto, Ont.; The Galt Knitting Co. Limited, Galt, Ont.; Grover Knitting Mills Limited, Montreal, Que.; The Knit to Fit Mfg. Co.,Limited, Montreal, Que.; Model Knitting Mills, Toronto, Ont.; J.R. Moodie Co.Limited, Hamilton, Ont., Newlands & Co.,Limited, Galt, Ont.; Nova Scotia Textiles Limited, Windsor, N.S.; Quebec Rayon Mills

Limited, Sherbrooke, Que.; The Regent Knitting Mills Limited, St.Jerome, Que.; Rouville Knitting Co. Limited, Marieville, Que.; The Schofield Woollen Co. Limited, Oshawa, Ont.; Jos. Simpson Sons Limited, Toronto, Ont.; Stanfield Limited, Truro, N.S.; Star Knitting Mills Co. Limited, Toronto, Ont.; The C. Turnbull Co. Limited, Galt, Ont.; Monarch Knitting Co. Limited, Dunnville, Ont.; Ontario Silknit Limited, Toronto, Ont.; Penmans Limited, Paris, Ont.; Zimmerknit Co. Limited, Hamilton, Ont.; Mercury Mills Limited, Hamilton, Ont.; Knitters Limited, Marieville, Que.;

Partial Information Requested: Albion Knitting Co., Limited, Peterboro, Ont.; Art Knitt ng Mills Reg'd. Montreal, Que.; Avon Knit Limited, Stratford, Ont.; Jos. Beaumont, Glen Williams, Ont.; Brampton Knitting Mills, Brampton, Ont.; British Knitwear Limited, Simcoe, Ont.; A. Burritt & Co. Ltd., Mitchell, Ont.; Canadian Knitting, Joliette, Que.; Henry Davis & Co. Ltd. Toronto, Ont.; Day-Smith Limited, Hespeler, Ont.; Dominion Glove Co. Ltd. Beebe, Que.; Dominion Knitting Mills Limited, Toronto, Ont.; The Feiner Knitting Mills Limited, Montreal, Que.; Geo.E.Hanson, Hull, Que., Harris Knitting Mills Limited, Montreal, Que.; L.C. Judson Co.,Limited, St.Catherines, Ont.; Jersey's Limited, Toronto, Ont.; Knit Craft Mills, Montreal, Que.; St.Leonard & Sons Limited, Dundas, Ont.; Mason Knitting Company, Acton, Ont.; McMurchy & Co. Huttonville, Ont.; Passmore Novelty Knitting Co. Toronto, Ont.; Scot Knitting Co. Toronto, Ont.; Royal Knitting Co. Toronto, Ont.; Superior Silk Mills

Limited, Stoneycroke, Que.; The Hosiery Knitting Mills
Limited, St.Jerome, Que.; Monville Knitting Co. Limited,
Chambly, Que.; The Kentucky Woollen Mfg. Limited,
Cobourg, Ont.; Joe. Simpson Sons Limited, Toronto,
Ont.; Stanfield Limited, Truro, N.S.; Star Knitting
Mills Co. Limited, Toronto, Ont.; The C. Turnbull Co.
Limited, Galt, Ont.; Monarch Knitting Co. Limited,
Hamilton, Ont.; Mercury Mills Limited, Hamilton, Ont.;
Knitters Limited, Merriville, Que.;

Knitting Mills, Brampton, Ont.; British Knitwear
Limited, Simcoe, Ont.; A. Barrett & Co. Ltd., Mitchell,
& Co. Ltd. Toronto, Ont.; Day-Smith Limited, Hespeler,
Ont.; Dominion Glove Co. Ltd. Berlin, Ont.; Dominion
Ont.; E.O. Judson Co.,Limited, St.Catharines, Ont.;
& Co. Muttonville, Ont.; Paramore Novelty Knitting Co.
Toronto, Ont.; Scott Knitting Co. Toronto, Ont.;

Limited, Prescott, Ont.; Tease Knitting Co. Limited, Toronto, Ont.; Warren Bros. Limited, St.Catherines, Ont.; Williams-Trow Knitting Co. Limited, Stratford, Ont.; The Barrie Glove & Knitting Co. Ltd. Kitchener, Ont.

Thread Companies and Cordage Division. Bell Thread Co., Limited, Hamilton, Ont.; Brantford Cordage Co. Limited, Brantford, Ont.; The Canadian Spool Cotton Co. Montreal, Que.; Cotton Threads Limited, Montreal, Que.; Plymouth Cordage Co. Welland, Ont.; Consumers Cordage Co. Montreal, Que.

Carpets Division. Brinton Peterborough Carpet Co. Ltd., Peterborough, Ont.; Cobourg Matting & Carpet Co. Ltd. Cobourg, Ont.; Harding Carpets Ltd. Brantford, Ont.; Donald McKinnon & Sons, Cobourg, Ont.; Toronto Carpet Co. Ltd. Toronto, Ont.;

Subsidiary and Branch Mills - Cotton Piece Goods Division. Canadian Cottons Limited, Montreal, Que.: Canada, Stormont & Dundas Mills, Cornwall, Ont., Ontario Mill, Hamilton, Ont., Gibson and St.Croix Mills, New Brunswick, Cornwall & York Cotton Mills Co.Ltd., New Brunswick.

Dominion Textile Co.Limited, Montreal, Que.: Hochelaga Mill, St.Anne Mill, Merchants Mill, Mt.Royal Mill, Verdun Mill, Sherbrooke Cotton Mill, Colonial Bleachery, Montmorency Mill, Magog Cotton Mill, Magog Print Works, Drummondville Cotton Co.Ltd., Sherbrooke Rayon Division, Sherbrooke Cotton Co.Ltd., Montreal Cottons Ltd. (Controlled by Dominion Textile),

Dominion Textile Co.Limited, Montreal, Que.:

Brunswick.

Burnaby, Colmonds & York Cotton Mills Co.Ltd.,New

Dorcas,Stormont & Dundas Mills, Cornwall,Ont., Ontario

Thread Co. , Limited, Guelph, Ont.; Brantford Cor-

Dominion Oilcloth & Linoleum Co. Limited, Montreal,

Que.; The Canada Paint Co. Limited, Montreal,

Que.; Canada Paint Co. Limited, Vancouver,

B.C.; Canada Paint Co. Limited, Winnipeg,

Man.; Canada Paint Co. Limited, Calgary,

Alta.; Canada Paint Co. Limited, Regina,

Sask.; Canada Paint Co. Limited, Moncton,

N.B.; Canada Paint Co. Limited, Halifax,

N.S.; Canada Paint Co. Limited, St.John's,

Nfld.; Canada Paint Co. Limited, Hamilton,

Ont.; Canada Paint Co. Limited, Toronto,

Ont.;

Industrial Specialty Mfg. Co.Ltd., Sherbrooke Housing Co.

Montreal Cottons Limited, Montreal, Que. : Valleyfield Mill.

Wabasso Cotton Co. Ltd., Three Rivers, Que. : Mercerizing Division, Three Rivers, Que., St.Maurice Valley Cotton Mills Ltd., The Shawinigan Cotton Co. Ltd.

Dominion Fabrics Limited, Dunnville, Ont. : Dominion Yarns, Limited.

Cosmos Imperial Mills Ltd. Hamilton, Ont. : Imperial Division, Hamilton, Ont., Cosmos Division, Yarmouth, N.S., J. Spencer Turner Co.

Hamilton Cotton Company, Ltd. Hamilton, Ont. : Trent Cotton Co.

Silk Manufacturers Division. Associated Textiles of Canada Ltd. Louiseville, Que. : Rayons (Canada) Limited, Ultra Chemical Co. Ltd.

Belding-Corticelli Limited, Montreal, Que.: Coaticook Mill, Coaticook, Que.

Grouts Limited, St.Catherines, Ont. : Valleyfield Silk Mills Ltd. Valleyfield, Que.

Dominion Woollen & Worsteds Limited, Peterboro, Ont. : Bonner-Worth Mill, Peterboro, Ont., Auburn Mill, Peterboro, Ont., Hespeler Mill, Hespeler, Ont., Orillia Mill, Orillia, Ont.

Paton Manufacturing Co.Limited, Sherbrooke, Que.: Sherbrooke Land & Water Power Co. Ltd., Sherbrooke, Que.

Renfrew Woollen Mills, Renfrew, Ont.: Carleton Place Mill, Carleton Place, Ont.

Yrok Knitting Mills Limited, Toronto, Ont. : Woods Underwear Co. Lte., A. T. Reid Co. Ltd.

Hosiery Manufacturers Division, Canadian Silk Products Corporation, Sherbrooke, Que.: Canadian Silk Products Ltd. Sherbrooke, Que.

The Circle-Bar Knitting Co. Ltd.,Kincardine,Ont.: Owen Sound Mill, Owen Sound, Ont.

National Hosiery Mills Ltd. Hamilton, Ont. : Real Silk Hosiery Mills of Canada Limited.

Knit Goods Division. Ontario Silknit Limited, Toronto, Ont. : Summit Dyeing Co. Ltd., Toronto, Ont., Aberley Knitting Mills, Toronto, Ont., Cosmo Underwear Co. Ltd., Montreal, Que., Ontario Silknit (England) Ltd. London, England, Australia Silknit Limited, Sydney, Australia.

Penmans Limited, Paris, Ont. : Branch - London, Ont., Coaticook, Que., St.Hyacinthe, Que., Waterford, Ont. The Watson Mfg. Co. of Paris Ltd. Brantford, Ont.

Thread Companies and Cordage Division. Consumers Cordage Co.Ltd., Montreal, Que. : Branch - Dartmouth, N.S.

Carpets Division. Cobourg Matting & Carpet Co. Ltd. Cobourg, Ont. : Empire Rug Mills Limited.

THE COMMISSIONER: Now, this list, as I understand it, is a list of all the companies to whom the questionnaire has been addressed.

MR.McRUER: Yes, my lord.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
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Truck Knitting Mills Limited, Toronto, Ont. ;

Wood Underwear Co. Ltd., ... F. Wood Co., Ltd.

Quality Manufacturing Syndicate, Dealing with
Jackets Corporation, Kitchener, ... Dominion
Silk Products Ltd., Peterboro, Ont.

The Circle-Bar Knitting Co. Ltd., Tillsonburg, Ont.

Owen Sound Mill, Owen Sound, Ont.

National Hosiery Mills Ltd. Montlton, Ont. ;

Real Silk Hosiery Mills of Canada Limited.

Knit Goods Division. Ontario Silknit Limited,
... Knitting Co. Ltd., Preston,
Ont., Phoenix Knitting Mills, ... Ont., Queen
Underwear Co. Ltd., Kitchener, ..., Ontario Silknit
(Montreal) Ltd. Lachine, Montreal, Dominion Silknit
Limited, Sydney, Australia.

Penmans Limited, Paris, Ont. ; Brunob - London,
Ont., Coaticook, Que., St.Hyacinthe, Que., Weston-
ford, Ont. The Watson Mfg. Co. of Paris Ltd. Brant-
ford, Ont.

Knitted Underwear and Combine Dividend, Dominion
Hosiery Co.Ltd., Montreal, Que. ; Dundas - Dunlop,
K.C.

Canada Dyeing & Finishing Co. Ltd.,
Ltd. Dundas, Ont. ; Empire Knitting Mills Limited.

THE COMMISSIONER: Now, this list, as I understand
it, is a list of all the companies to whom the quer-
ies are addressed.

Yes, my Lord.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

THE COMMISSIONER: And most of them have answered.

MR. McRUER: Yes, I think it has been substantially well complied with.

THE COMMISSIONER: Each one of these companies come in some way or other within the scope of this inquiry.

MR.McRUER: Yes.

THE COMMISSIONER: And you would like them now to have a final public notice that the last meeting of the inquiry will take place at Ottawa following this one.

MR. McRUER: We are commencing at Ottawa and at such time I propose to deal with matters that will materially affect these mills.

THE COMMISSIONER: Each and every one.

MR. McRUER: Each and every one of them, and both matters that may be new and that arise out of this inquiry to date.

THE COMMISSIONER: Very well.

MR. McRUER: All right, Mr. Thompson.

E. J. THOMPSON, Examination resumed.

BY MR. McRUER: Q. In referring to Exhibit No. 793 --

THE COMMISSIONER: The last letter you referred to was one from Mr. Cooke to Mr. Hallam of July 3rd, 1936.

MR.McRUER: Yes. They are not in order of date. I suggest you change them and put them in chronological order, Mr.Rene. Your letter goes on to say -- this letter from Mr. Cooke to Mr. Hallam goes on as follows:

...ed.

...Yes, I think it has been substan-

...ly well complied with.

THE COMMISSIONER: Each one of these companies come in some way or other within the scope of this inquiry.

...

MR. COMMISSIONER: And you would like then now to have a final public notice that the last meeting of the ...

Mr. MORTON: We are commencing at Ottawa and at such time I propose to deal with matters that will ...

THE COMMISSIONER: Each and every one.

Mr. MORTON: Each and every one of them, and both matters that may be new and that arise out of this inquiry to date.

...

...

...ission removed.

BY MR. MORTON: Q. In referring to Exhibit No. 798 --

THE COMMISSIONER: The last letter you referred to was one from Mr. Cooke to Mr. Mullen of July 3rd, 1930.

...Yes. That was in spite of data.

...

Perhaps you have seen last night's issue of the Montreal Star in which a local departmental store has a full page advertisement of first quality sem-service and chiffon hose at fifty cents a pair. This hosiery we are informed on good authority was sold under $5.00 and 12,000 pairs were advertised.

X "Some of the offending names which we can give you confidentially are: - Eastern, Circle Bar, St. John's Silk, the last mentioned offering first quality at $4.75 plus tax, and this offer is a standing one to one of our customers. Gotham or course you know about." /

Now, when Mr. Cooke speaks of the offending names I presume what is meant is that they are those who were not observing the prices that had been agreed to ? A. I would classify -- I would describe that as the mills who have continuously or more or less from time to time got into an arrangement and deliberately would break the arrangement.

Q. Yes. "Word has been passed along the street To-day that even Nordic are doing the same thing, but we can hardly credit such a report."

Who were Nordic ? A. Nordic Silk Mills of Granby, Que.

Q. Mr. Cooke evidently had confidence in them that they would not do anything like that. "Perhaps you might check with Mr. Howatson in this connection."

Who is Mr. Howatson ? A. The president of the company.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

Perhaps you have seen just night's issue of the Montreal Star in which a local department store has a full page advertisement of first-quality sea-service and officer hose at fifty cents a pair. This hosiery we are informed on good authority was sold under $5.00 and 1M,000 pairs were offered.

X "Some of the offending names which we can give you confidentially are: - Beaters, Circle St. John's Silk, the last mentioned offering first quality at $4.75 plus tax, and this offer is a standing one to one of our customers. Some, of course you know about."

Now, when Mr. Cooke spoke of the offending names I presume what is meant is that they are those who were not observing the prices that had been agreed to ? A. I would classify -- I would describe that as the mills who have continuously or more or less from time to time got into an arrangement and deliberately would break the arrangement.

[illegible]

but we can hardly credit such a report."

who were Nordic ? A. Nordic Silk Mills of Granby,

[illegible]

Q. Mr. Cooke evidently had confidence in them [illegible] You might check with Mr. Howatson in his connection.

Who is Mr. Howatson ? A. The President of the [illegible].

Q. Then, one more addition to this exhibit. There is a memorandum here that is dated the 29th of July, 1936 which starts "No. 1 prices for one month, first quality". Can you tell me what that was ? A. That was the result of a price discussion on July 29th but nothing came of it for the reason that after two days reports came through that certain mills had deliberately --

BY THE COMMISSIONER: Q. Please speak louder, I cannot hear you . A. These prices were the result of a discussion --

Q. These prices on that memorandum ? A. Yes.

Q. Of July 29th, 1936 ? A. 1936, that took place but nothing came of it because after two days' time reports come through that the prices were not carried out and therefore the agreement, or any understanding was abandoned.

BY MR. McRUER: Q. There had been an understanding and this bulletin was put out as the result of it ? A. Only by a certain number of mills.

Q. Well, we will come to that. Can you tell me what mills were in on this understanding ? A. That I cannot tell you.

Q. Who would know that ? A. I would think the Secretary of the Association would be the one to keep the records.

Q. That is Mr. Hallam ? A. I would imagine so. He would be really the one to keep the records.

THE COMMISSIONER: Read the leading parts of that, not the prices.

ROBT. BRYDIE
CHARTERED STENOGRAPHER
TORONTO - CANADA

MR. McRUER: "No. 1 -Prices for one month; first quality", and they are set out. "No.2 - Where a manufacturer has bon_a fide information that one of his customers is being offered lower prices, he will have the privilege to meet this price or go lower, upon notifying the Secretary.

No.3 - Mill runs to be stamped 'mill run'".

THE COMMISSIONER: Not signed by any one ?

MR. McRUER: Not signed by any one. Well, you would expect, at any rate, that Mr. Hallam would have a list of the mills and a record of the prices and so on that were agreed on at that time.

MR. KELLOCK: Well, Mr. Hallam was in England at that time.

BY MR.McRUER: Q. Well then, who was looking after it then? Did you attend the meeting yourself or was it Mr. Cooke? A. I attended that particular meeting.

Q. Who was Secretary of the meeting ? A. I cannot tell you, I don't recall who the secretary was unless it would be Major Hallam's assistant, I would imagine so.

Q. Mr. Berry ? A. I would imagine so.

ASSISTANT SECRETARY RENE: Is that part of the same Exhibit ?

MR. McRUER: Yes. Now then, I wish to run over with you some further letters.

THE COMMISSIONER: I_s this another Exhibit ?

MR.McRUER: Yes, my lord.

THE COMMISSIONER: It will be Exhibit 794; it is

quality', and they are set out. "No.2 - There a manu-
facturer has bona fide information that one of
his customers is being offered lower prices, he
will have the advantage to meet this price or go
lower, and maintain the industry.
No.3 - Will terms to be stamped 'mill run'.
THE COMMISSIONER: Not signed by any one ?
MR. McLEAN: Not signed by any one. Well, you
would expect, at any rate, that Mr. Mallen would have
a list of the mills and a record of the prices and so
on that were agreed on at that time.
MR. KELLOCK: Well, Mr. Mallen was in England at
that time.
for it then? Did you attend the meeting yourself or
was it Mr. Cooke? A. I attended that particular
meeting.
Q. Who was Secretary of the meeting ? A. I can-
not tell you, I don't recall who the secretary was un-
less it would be Major Mallen's assistant, I would im-
agine so.
Q. Mr. Berry ? A. I would imagine so.
[illegible]: In that part of the
MR. McLEAN: Yes. Now then, I wish to turn over
You some further letters.
MR.HOLM K: Yes, my lord.
THE COMMISSIONER: It will be Exhibit 724; it is

a file of correspondence ?

MR. McRUER: Yes, my lord, between Canadian Silk Products and either Major Hallam or the Silk Association, I think, for the most part.

EXHIBIT No. 794: File of correspondence between Canadian Silk Products and the Silk Association or Major Hallam.

MR.McRUER: The first is a letter dated the 24th of June, 1935.

THE COMMISSIONER: The 24th of June; what year ?

MR.McRUER: 1935; it is not the first letter on the file but the first one I am referring to.

THE COMMISSIONER: Who is it from ?

MR.McRUER: From Canadian Silk Products with Mr. Thompson's initials to Mr. Hallam. There is a paragraph at the foot of the page. Well, I had better read the preceding paragraphs.

"We are distinctly disappointed over the outcome of the Meeting held in Montreal Wednesday the 19th instant, and we can only reiterate our views as expressed in our letter of the 4th instant.

". It is at once apparent that the present arrangements and the various differentials contribute to vicious inequalities which cannot hope for that stabilization which is essential to complete adherence to any agreement.

"The criticism was voiced at the Meeting that the existing price structure was totally unsound and although the writer sat on this Committee

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

he unhesitatingly admits that such a criticism is fully justified and that the existing arrangements can never be carried out in a practicable manner."

Now, to pause there, you were evidently one of the Committee, Mr. Thompson, to arrange the existing price structure at this time ? A. Right.

Q. So there was a committee for that purpose; can you tell us --

THE COMMISSIONER: A committee of what body.

BY MR.McRUER: Q. What would be the body ? A. Well, I have sat in on two or three occasions with other manufacturers, I have been invited to sit in with them to discuss ways and means of setting up a basis of operating that would be beneficial to the textile industry or, that is, the silk hosiery industry.

BY THE COMMISSIONER: Q. The question is would you say this was a committee of the Silk Association ? A. It was a special committee I was invited to sit in on --

Q. A committee of what ? A. Of members, of other manufacturers.

Q. Silk manufacturers ? A. Silk hosiery manufacturers.

BY MR.McRUER: Q. It would be a committee of members of the hosiery section of the silk association, wouldn't it ? A. I would imagine they would be all members who would sit in.

Q. And they are hosiery manufacturers; that is correct ? A. Right.

be unhesitatingly admits that such a criticism is fully justified and that the existing arrangements can never be carried out in a practicable manner.

Now, to pause there, you were evidently one of the Committee, Mr. Thompson, to arrange the existing price structure at this time ? A. Right.

Q. So there was a committee for that purpose; can you tell us --

THE COMMISSIONER: A committee of what body.

BY MR. MACKAY: Q. What would be the body ?

A. Well, I have met in on two or three occasions with other manufacturers, I have been invited to sit in with them to discuss ways and means of setting up a basis of operating that would be beneficial to the textile industry or, that is, the silk hosiery industry.

BY THE COMMISSIONER: Q. The question is would on --

Q. A committee of what ? A. Of members, of other manufacturers.

Q. Silk manufacturers ? A. Silk hosiery manufacturers.

BY MR. MACKAY: Q. It would be a committee of members of the hosiery section of the silk association, wouldn't it ? A. I would imagine they would be all members who would sit in.

Q. And they are hosiery manufacturers; that is correct ? A. Right.

Q. "It has come to our attention that department store buyers are already aware of the lower price on Crepe to jobbers and we can only view the whole situation with complete disgust.

"We therefore wish you to consider this letter as formal notice of our withdrawal from the Association unless during the interim of Thirty (30) days from the date of the last meeting the Price Committee submit a price structure in which all inequalities represented by differentials in price are completely eliminated. It is useless to continue to argue on this phase of the situation since every manufacturer today has his own branded line and none can be placed in the category of unbranded manufacturers."

Now, what is it you are driving at there, Mr.Thompson? You are threatening to withdraw unless something is done. What was it you wanted to be done ? A. That is back in 1935 ?

. Yes? A. June, 1935?

Q. Yes? A. As far as I can recall it would be purely a matter of variation of viewpoint amongst the members as to the best medium of setting up a basis of operating.

. It isn't a question of variation in viewpoint. What was it you were wanting to have done or otherwise you would withdraw ? A. A price structure, arrangements of operating, or of trading, what you would call a fair practice code or basis of operating in conjunction with the other mills otherwise we would

ROOT, BRYDON
CHARTERED ACCOUNTANTS
TORONTO - CANADA

"It has come to our attention that department stores buyers are already aware of the lower prices on dress to borrow and so a only view the whole situation with complete disgust.

We therefore wish you to consider this letter as formal notice of our withdrawal from the Association unless during the interim of Thirty (30) days from the date of the next meeting the Price Committee submit a price structure in which all inequalities represented by differentials in price are completely eliminated. It is useless to continue to argue on this phase of the situation since every manufacturer today has his own branded line and none can be placed in the category of unbranded manufacturers."

Now, what is it you are driving at there, Mr.Thompson? You are threatening to withdraw unless something is done. What was it you wanted to be done ? A. That is back in 1909 ?

. Yes? A. June, 1929?

. Yes? A. As far as I can recall it would be purely a matter of variation of viewpoint amongst the members as to the best medium of setting up a basis of operating.

. Is [illegible] ?

What was it you were wanting to have done on otherwise you would withdraw ? A. A price structure, arrangements of operating, or of trading, what you would call a fair practice code or basis of operating

cease to work with them.

Q. Now --

BY THE COMMISSIONER: Q. Pardon me just a moment, when you talk of a basis of operating you do not mean operating your mills ? A. Of distribution of production.

. Selling your goods ? A. Selling the goods.

BY MR.McRUER: Q. What you say here is "We therefore wish you to consider this letter as formal notice of our withdrawal from the Association unless during the interim of Thirty (30) days from the date of the last meeting the Price Committee submit a price structure in which all inequalities represented by differentials in price are completely eliminated."
Now, there is nothing about operating your mills in that; tell us what that means ? A. Yes, that is quite clear now. Some mills strive to have, or prefer to operate on a basis of where there would be a differential between what is known as branded and unbranded goods; in other words, merchandise packed up and not ear-marked in any way with a brand.

Q. Well, is it this, Mr. Thompson, that in the agreement that was in effect at that time there was one price for a branded stocking and another price for an unbranded one and although they may have been the same stocking the unbranded price was lower than the branded price and you wanted to have one price for all of the same quality ? A. Equalization.

. You say equalization; that was one price for the same quality stocking ? A. Right.

cease to work with them.

Q. Now --

BY THE COMMISSIONER: Q. Pardon me, just a moment when you talk of a basis of operating you do not mean operating your mills ? A. Of distribution of production.

. Selling your goods ? A. Selling the goods.

BY MR.MORTON: . What you say here is "We therefore wish you to consider this letter as formal notice of our withdrawal from the Association unless during the interim of thirty (30) days from the date of the last meeting the Price Committee submit a price structure in which all inequalities represented by differentials in price are completely eliminated."

Now, there is nothing about operating your mills in that; tell us what that means ? A. Yes, that is quite clear now. Some mills strive to have, or prefer to operate on a basis of where there would be a different grade; in other words, merchandise produced up and not ear-marked in any way with a brand.

Q. Well, is it this, Mr. Thompson, that in the agreement that was in effect at that time there was one branded one and although they may have been the same stocking the unbranded price was lower than the branded same quality ? A. Equalization.

. [illegible]

Q. Whether branded or not ? A. Right.

Q. That is what you wanted done away with or you were going to withdraw ? A. Right.

Q. You wanted a differential between the two -- A. No.

BY THE COMMISSIONER: Q. You wanted the differential to disappear ? A. We wanted each structure placed on one price basis irrespective of pack or brand.

BY MR. McRUER: Q. That the differential would disappear between the two ? A. Right.

Q. And that would mean that the unbranded stocking would be brought up to the same price as the branded one? A. Right.

Q. You go on in your letter to say -

"We have shown our willingness to try out the alternative but the abuses to date prove so conclusively the impracticability of a setup involving differentials that further comment is entirely unnecessary.

"We have made our views quite clear in our previous letter of the 4th instant and now await the finding of the Committee.

"In accordance with the request at the last meeting we herewith attach a memorandum showing a price structure which we consider the only sound basis to adopt."

Then, attached is a copy of a price structure which gives group A $5.85, Group B, $6.75, Group C $7.65, and so on. Now, the next is a letter from Mr. Hallam to yourself, dated July 10th, 1935.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTERS
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Q. whether bounded or not ? A. Right.

Q. That is what you wanted done away with or you were going to withdraw ? A. Right.

Q. You wanted a differential between the two --

A. No.

BY THE COMMISSIONER: Q. You wanted the differential to disappear ? A. We wanted such structure

Q. And that would mean that the unbounded stock one? A. Right.

Q. You go on in your letter to say -

"We have shown our willingness to try out the alternative but the abuses to date prove so conclusively the impracticability of a setup involving differentials that further comment is entirely unnecessary.

"We have made our views quite clear in our brief to Dehler of the 4th instant and have the finding of the Committee.

"In accordance with the request at the last meeting we herewith attach a memorandum showing a price structure which we consider the only sound basis to adopt."

Then, attached is a list of 4 price structures, Group 1, 1c.TC, Group 2 1.65c, and so on. Now, that is a letter from Mr. Mullen to yourself, dated July 11th, 1955.

THE COMMISSIONER: July 10th?

MR. McRUER: Yes, my lord.

"The Committee which met in New York yesterday asked me, out of courtesy to you, if I would put their conclusions before you on Thursday, that is, a day before the meeting. I had planned to do this but unfortunately some matters arose in my absence which prevents me leaving Toronto before Thursday night.

"In lieu of coming to see you, I telephoned you and am now attaching a copy of my rough notes of what took place at the meeting. This, of course, is confidential with you until it has been corrected from my original notes and the report made to the section as a whole on Friday.

"I can assure you that all suggestions made were given consideration. In regard to yours, Mr. Mayer said in a letter to the committee: 'Mr. Thompson's letter has the merit of being extremely definite and contains a specific proposal. That proposal briefly, is that the present price set-up establishing a differential between branded and unbranded goods is wrong and cannot be sustained. This has long been Mr. Thompson's contention and we must respect his opinion.'

"If there are any points in the attached memo. you would like cleared up you can get me on the telephone."

Then, we have the memorandum with a lot of suggestions from the Committee and still the price structure with

"The Committee which met in New York yesterday
asked me, out of courtesy to you, if I would put
their conclusions before you on Thursday, that is,
a day before the meeting. I had planned to do
this but unfortunately some matters arose in my ab-
sence which prevents me leaving Toronto before
Thursday night.

"In lieu of coming to see you, I telephoned you
and am now attaching a copy of my rough notes of
what took place at the meeting. This, of course,
is confidential with you until it has been correct-
ed from my original notes and the report made to the
meeting on a typewritten copy.

"I can assure you that all suggestions made
were given consideration. In regard to yours, Mr.
Hoover said in a letter to the committee: 'Mr.
Thompson's letter has the merit of being extremely
definite and contains a specific proposal. That
proposal briefly, is that the present price set-up
establishing a differential between branded and un-
branded goods is wrong and cannot be maintained.
This has long been Mr. Thompson's contention and
we must respect his opinion.'

"I [illegible] the original [illegible]
you would like cleared up you can get me on the
telephone."

[illegible], we have the memorandum with a lot of suggestions
from the Committee and will the price structure with

branded and unbranded goods shown and then some pencil notes on this memorandum. Are those in your handwriting "not good for Quebec mills; we couldn't do it now" ?

A. No, that is not mine.

Q. That is not yours ; then, there is a telegram from Mr. Hallam dated the 17th of July --

THE COMMISSIONER: To whom ?

MR.McRUER: To Mr. Thompson.

"GREATLY OBLIGED IF I COULD TELEPHONE YOU THIS AFTERNOON FOR YOUR DECISION STOP NORDIC TO WITHDRAW CREPE GREENSHIELDS AND SIX FIFTY PRICE WHOLESALERS WITHDRAWN STOP CASH DEPOSIT FURNISHED BY EACH MILL THAT MEMO MAY FIRST BE CARRIED OUT STOP DEPOSITS WITH WRITTEN INSTRUCTIONS IN HANDS ACCOUNTANT FIRM WHO WOULD DECIDE IF INFRINGEMENT HAS TAKEN PLACE"

Page 11260 follows

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Page 11850 follows

Q. Do you remember what the trouble was with Nordick in regard to this matter, "$6.50 price wholesalers withdrawn." A. Yes.

Q. What was it? A. Contrary to the arrangements at the time they departed from the basis.

BY THE COMMISSIONER: Q. You say, contrary to the arrangement at the time? A. Contrary to the arrangement at the time they sold hosiery to Greenshields t on a different basis to that agreed upon.

Q. Do you mean on a lower basis? A. On a discount or commission basis. In other words, as far as I remember, they appointed Greenshields as their selling agent.

BY MR. McRUER: Q. The effect was that the price they sold at would be lower than the price agreed upon if you take into account the discount they were giving? A. The extra discount.

Q. What s class of stockings would that be, group C, crepe construction, as shown in the price list? A. I think it applied to all, to the entire production, or at least part of it.

Q. But this $6.50 price wholesalers, would that be for this group C? A. It would be, I imagine, for crepe.

Q. Crepe construction? A. Yes.

Q. The price was $7.00 in the memorandum of May 1, 1935 ? A. That is right.

Q. They were putting it out at $6.50 apparently. They go on to say:

10

15

20

25

30

"Cash deposit furnished by each mill that memo. May first be carried out. Deposits with written instructions in hands accountant firm who would decide if infringement has taken place."

Who was the accountant in whose hands the deposits with written instructions would be placed? A. I do not know.

Q. You do not know? Mr. Hallam should know that. Then we come to a letter dated July 19 1935, from Major Hallam to you:

"Dear Mr. Thompson:

Attached is a copy of the letter sent out to the other full fashioned mills.

In your letter of June 24th which I placed before the committee, you said: 'We therefore wish you to consider this letter as formal notice of our withdrawal from the Association unless during the interim of thirty (30) days from that date of the last meeting, the Price Committee submits a price structure in which all inequalities represented by differentials in price are completely eliminated.'

Your idea, clearly expressed, was that there should be no differential between branded and unbranded lines.

The committee considered your suggestion together with a number of others and asked me to furnish you with a copy of their report in advance of the July 12th meeting, which I did. Your mill was not represented at that meeting.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
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"Bank deposit furnished by cash will that mean. May that be carried out. Deposit be with written instructions in words account time who would decide it instrument has taken place."

who was the account in whose hands the deposits with written instructions would be placed?

A. I do not know.

Q. You do not know? Mr. Bullen should know that. Then we come to a letter dated July 19 1920, from Major Bullen to you:

"Dear Sir, [illegible]

Attached is a copy of the letter sent out to the other full fashioned mills.

In your letter placed before the committee, you said: 'We therefore wish you to consider this letter as formal notice of our withdrawal from the Association unless during the interim of thirty (30) days from that date or the last meeting, the Price Committee submits a price structure in which all [illegible] shall be materially [illegible].'

Your idea, clearly expressed, was that there should be no differential between branded and unbranded lines.

The committee considered your suggestion together with a number of others and asked me to furnish you with a copy of their report in advance of the July 12th meeting, which I did. Your mill was not represented at that meeting.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC REPORTER
TORONTO - CANADA

At the July 12th meeting all the mills present undertook to put up $1,000 cash as a guarantee, Nordic agreed to withdraw their crepe from Greenshields, and the six-fifty price of crepe for legitimate wholesalers was to be withdrawn, and the price structure was to be that of the May 1st memo. I was asked to get in touch with mills not represented at the meeting by principals. Between Friday and Tuesday I did so. On Tuesday I had twenty mills in accord on this proposal. I had been asked by the July 12th meeting, if I could get the other twenty mills in accord, to put the proposal to you to see whether you would accept it. I did this on Tuesday afternoon and on Wednesday I wired you. On July 18th you advised me definitely that we could not get in agreement with you on any other basis than the same price for branded and unbranded. As this was not possible, I was forced to send out the wire of July 19th."

BY THE COMMISSIONER: Q. What is this you are reading?

MR. McRUER: It is a letter from Mr. Hallam to Mr. Thompson dated July 19, 1935. It goes on:

"An attempt was made to arrive at some accord with the twenty mills, leaving your will out of the picture, on the basis that you have not been price cutters, but

At the July 18th meeting all the
mills present undertook to put up $1,000
and the six-fifty price of crepe for Decil-
ite wholesalers was to be withdrawn,
and the price structure was to be that of
the May 1st memo. I was asked to get in
touch with mills not represented at the
meeting by principals. Between Friday
and Tuesday I did so. On Tuesday I had
twenty mills in accord on this proposal.
I had been asked by the July 18th meeting,
if I could get one more mill in
accord, to put the proposal to you to see
whether you would accept it. I did this
on Tuesday afternoon and on Wednesday I
wired you. On July 18th you advised me
definitely that we would not get in agree-
ment with you on any other basis than the
same price for branded and unbranded.
As this was not possible, I was forced to
send out the wire of July 19th."

BY THE COMMISSIONER: Q. What is this you are reading?

MR. McHUGH: It is a letter from Mr. Hellam to Mr. Thompson dated July 19, 1929. It goes

"An attempt was made to arrive at
some accord with the twenty mills, leaving
your mill out of the picture, on the basis
that you have not been price cutters, but

as three of these mills stated definitely that they would enter no agreement of any nature unless a 100 per cent agreement could be arrived at, this fell to the ground."

Then t ere is a letter from Mr. Hallam to you dated July 19, 1935:

"After consulting with the Chairman of the Section last night we sent the following wire to all full fashioned hosiery mills this morning:

'No accord with Canadian Silk possible agreements therefore cancelled writing.'

The proposal suggested at the meeting of July 12th was placed before the mills not present at that meeting and on July 16th all mills were in accord, and the proposal was put before the Canadian Silk Products. On the afternoon of July 18th, Canadian Silk Products advised us definitely that no accord could be reached other than on the basis outlined in their letter to the committee that met in New York. The Chairman was advised and the telegram issued, because three of the mills had stated definitely that no agreement of any nature could be arrived at unless it was 100 per cent.

Because it is sound business practice we would earnestly urge all mills to continue carrying out Sections 3, 4, 5, 6, 7, 8, 9, 10, 11 and 13 of the May first memorandum. We would also urge all mills to continue to cooperate in

as three of these mills stated definitely that they would enter no agreement of any nature unless a 100 per cent agreement could be arrived at, this fell to the ground."

Then there is a letter from Mr. Hallam to you dated July 13, 1938:

"After consulting with the Chairman of the Section last night we sent the following wire to all Mill Combined Bakery mills this morning:

'No accord with Canadian Milk possible agreements therefore cancelled until.'

The proposal suggested at the meeting of July 12th was placed before the mills not present at that meeting and on July 16th all mills were in accord, and the proposal was put before the [illegible] on the afternoon of July 18th, Canadian Mills Toronto advised us definitely that no accord could be reached other than on the basis outlined in their letter to the committee that met in New York. The Chairman was advised and the telegram issued, because three of the mills had stated definitely that no agreement of any nature would be arrived at unless it was 100 per cent.

Because it is sound business practice we [illegible] all mills to sign [illegible] agreement [illegible] and 12 of the [illegible]. We could also wire [illegible] mills to [illegible]

getting out the monthly report of stocks on hand, production and sales.

We would also urge that the greatest caution be exercised in transactions because the Labour Department at Ottawa advised us on Saturday, July 13th, that regulations were being drafted to put into effect," Bill 21, Bill 8 and Bill 40.

Q. So that you were willing to have gone in on the arrangement, Mr. Thompson, if they had done away with the differential between branded and unbranded? A. Provided there was a 100 per cent agreement.

Q. Provided there was a 100 per cent agreement. Then if there were a 100 per cent agreement there would be no competition whatever in Canada in full fashioned hosiery.

MR. KELLOCK: Is not that a hypothetical question?

THE WITNESS: There would always be competition because hosiery is really a style article.

BY MR. McRUER: Oh yes, but outside of the question of style there would be no price competition? A. Price competition? You would have a variation in prices on the same construction, or a variation in of value on the same construction. An article that sold for $6 a dozen, we will say, by one mill would not have the same value as an article selling for $6 a dozen by another mill.

Q. But as far as the price on the various hosiery was concerned, it would be about the same? A. The so-called construction would be the same,

but then again the dominating factor is style plus grade, the quality of the finished article. In other words, the production of hosiery carries more seconds or defectives, or a greater portion of its production is defective, as high as 60 per cent seconds, than in other industries.

Q. But this agreement was in respect to firsts, was it not? A. The standard of firsts of one mill does not compare with the standard of firsts of another mill.

Q. There would be no competition in respect to the price that each mill was putting the stockings out at in the different categories? A. Had the agreement taken place at any time, a 100 per cent agreement on price, it would have resulted in probably five or six of the mills securing 90 per cent of the business and the remaining mills would have closed up.

Q. You admitted yesterday, I think, that even the agreements that you had have operated detrimentally to some of the mills and in favour of others A. Undoubtedly.

Q. That they did do it. A. The agreement amongst all the mills ?

Q. I mean the agreements that you did have. Take May 1, 1935. You said yourself that that operated in favour of the big mills and against the small ones. A. It was bound to be in favour of the mills producing quality.

Q. In respect to the tariff protection that you had at the time these agreements were being entered into tariff item 568A in the customs tariff schedule, which deals with socks and stockings of all

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but then again the dominating factor is style plus grade, the quality of the finished article. In other words, the production of woolery yarns more seconds or defectives, or a greater portion of its production is defective, as high as 60 per cent seconds, than in other industries.

Q. But this agreement was in respect to tariffs, was it not? A. The standard or tariff of one mill does not compare with the standard of tariffs or another mill.

Q. There would be no competition in respect to the value that each mill was putting the standards out at in the different agreements? A. Had the agreement taken place at any time, a 100 per cent [illegible] it would have resulted in probably five or six of the mills securing 90 per cent of the business and the remaining mills would have closed up.

Q. You admitted yesterday, I think, that even the agreements that you had have operated detrimentally to some of the mills and in favour of others A. Undoubtedly.

Q. That they did do it. A. The agreement exempt all the mills?

Q. I mean the agreements that you did have. Take May 1, 1928. You said yourself then that operated in favour of the big mills and against the small ones. A. It was found to be in favour of the mills producing quality.

Q. In respect to the tariff protection that you had at the time those agreements we e being entered into tariff item 506A in the [illegible] which deals with [illegible]

kinds, carries these duties: British preference 30 per cent and 75 cents a dozen; intermediate 32½ per cent and $1.35 a dozen; general, 35 per cent and $1.50 a dozen. Now you will agree, in fact you said yesterday, that these duties were more than ample and that they did effectively shut out importations.

THE COMMISSIONER: At what time were those duties in effect?

MR. McRUER: These have been in effect without amendment since October 1932.

THE COMMISSIONER: They are still in effect.

Mr. McRUER: Yes, my lord.

MR. KELLOCK: The British preference duty is "less than 10 per cent."

THE COMMISSIONER: Less than ten per cent when the goods come from a British port to a Canadian port.

MR. McRUER: Yes.

BY MR. McRUER: Q. You will agree, Mr. Thompson, that the tariff protection that was on stockings was sufficient to exclude foreign importations, or practically exclude them?
A. In similar styles.

Q. Yes, there was practically no importation of silk stockings, full fashioned hosiery?
A. At what time?

Q. Since, we will say, 1932.

THE COMMISSIONER: How about today?

MR. McRUER: Even today there is not any importations.

THE WITNESS: Very small.

BY MR. McRUER: Q. You will also agree that the competition that you would likely get would come from the United States or from England?

A. Japan, of course, is producing very low-priced hosiery today.

Q. Full fashioned hosiery? A. Full fashioned hosiery.

BY THE COMMISSIONER: Q. Pure silk?

A. Pure silk.

BY MR. McRUER: Q. It would not come from England anyway. A. No.

Q. Because as I read your letter to Mr. Hallam which is on file here, you were prepared to let Canada admit hosiery duty free from England and you would hold your own with them if the English would open their market to you. A. Quite.

Q. Yes, so that as far as that goes you are ready to battle for yourself. A. That is in respect to silk hosiery only, full fashioned.

Q. That is all you are interested in with the exception of thrown silk? A. Quite.

Q. What proportion of your business will be throwing? A. We are throwing only our own requirements.

Q. You do not sell thrown silk? A. No.

Q. So you are essentially a hosiery manufacturing business? A. Quite.

Q. And you throw your own silk? A. Quite.

Q. All right, thank you, Mr. Thompson.

MR. McRUER: I have a large file of correspondence, my lord, between Mr. Thompson's company and the Silk Association which I want to file just

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as one exhibit.

THE COMMISSIONER: It will be Exhibit 795. This is the file you have been referring to?

MR. McRUER: Yes, but there has been no reference to details.

EXHIBIT 795: Correspondence between the Silk Association and Canadian Silk Products Limited.

BY MR. KELLOCK: Q. Mr. Thompson, you told His Lordship that your company was first in the field for the manufacture of full feshioned silk hosiery in Canada. A. What I meant to say was that we were the first Canadian plant. There were a few hundred dozens produced as side lines by another mill at the time.

Q. At that time you said that the prevailing price to the consumer was $3.50 a pair? A. That is the retail price in Canada on imported hosiery, $3.50 a pair.

Q. And was there with the exception of the side line of this other mill you speak of, any other domestic hosiery available at all? A. Only two or three hundred dozens a week.

Q. How did that affect the ultimate price that the purchaser had to pay? A. It would be sold 50 cents a pair cheaper.

Q. So the cheapest hosiery at that time was $3 a pair? You say that the prevailing price at that time was $3.50 a pair? A. Right.

Q. As I judge from the evidence that has gone in, the price has progressively fallen since that time. A. Right. For instance, the price at that

1940 Thompson.

THE COMMISSIONER: It will be Exhibit 795.

This is the file you have been referring to?

MR. MACKAY: Yes, but there has been no reference to details.

EXHIBIT 795: Correspondence between the Silk Association and Canadian Silk Products Limited.

BY MR. MACKAY: Q. Mr. Thompson, you told his worship that your company was first in the field for the manufacture of full fashioned silk hose only in Canada. A. What I meant to say was that we were the first Canadian plant. There were a few hundred dozens produced as side lines by another mill at the time.

Q. At that time you said that the prevailing price to the consumer was $1.50 a pair? A. That is the retail price in Canada on imported hosiery, $1.50 a pair.

Q. And was there with the exception of the [illegible] you still [illegible], any other domestic hosiery available at all?

A. Only two or three hundred dozens a week.

Q. How did that affect the ultimate price that the purchaser had to pay? A. It would be sold 50 cents a pair cheaper.

Q. So the cheapest hosiery at that time was $1 a pair? You say that the prevailing price at that time was $1.50 a pair? A. Right.

Q. As I judge from the evidence that has gone in, the price has [illegible] since that time. A. Right. For instance, the price at that

time averaged for the complete production of the mill the first year $13 and some odd cents as against the price last year of $6.10.

Q. I see, and the stockings which the consumer used to pay $3.50 for before the development of the Canadian industry, what does a comparable stocking bring today? A. You could not sell those stockings at any price today.

Q. What do you mean? A. They would be so poor in quality twelve years ago in comperison wit what is produced today that there would not be any sale for them.

Q. Then not only has the price gone down but the quality has gone up? A. The improvement in silk hosiery would be 300 per cent in the past twelve years, and the price has been reduced 60 per cent.

Q. And what is the situation from the standpoint of competition in the domestic market, from the standpoint of the Canadian mill producing silk hosiery at the time you started and today? A. When we started we were the first in the field, and at that time no other mill in Canada was making knitted goods, what is known as seamless hosiery, none of them would attempt to make full fashioned hosiery. It is the most intricate thing there is in the textile industry. The machinery requires expert operators, it requires three years to train men to become knitters, and we estimate that it costs uf $600 a man to train him as a knitter; that is, with the damage they do to the machine, the loss of production, damage to the production and the

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time averaged for the complete production of the
mill the first year (he said some odd months as
against the price last year of $5.10.

Q. I see, and the stockings which the
consumer used to buy at $3.50 for before the development
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parison with what is produced today that there
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Q. Then not only has the price gone down
but the quality has gone up? A. The
improvement in silk hosiery would be 500 per cent
in the past twelve years, and the price has been
reduced 60 per cent.

Q. And what is the situation from the stand-
point of competition in the domestic market, from
the standpoint of the quantity of mill producing
silk hosiery at the time you started and today?
A. When we started we were the first in the field,
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hosiery. It is the most intricate thing there is
in the textile industry. The machinery requires
expert operators. It requires three years to train
men to become knitters, and we estimate that it
costs at least $600 a man to train him as a knitter; that
is, with the damage they do to the machine, the
loss of production, damage to the production and the

increased overhead, it works out to about $600 to teach each operator.

Q. I notice according to Exhibit 792, which has been filed, that the profit on a pair of stockings has gone down as between 1926 and 1935 from 25.3 cents to 7.8 cents. Is that due to the competition which has grown up in the meantime?
A. Competition, and then again there is increased production and general improvement in the operating That has automatically brought down the profit per pair. In other words, we have increased our production and sold our merchandise on a price basis in competition with other merchandise.

Q. What I mean is this: Has the fall in the price and the fall in the ratio of your profit, is that a voluntary thing purely from the standpoint of your own mill, or is that due to the growth of Canadian industry and consequent competition?
A. As mills increased their production in this country they eventually reached the point of saturation which brought competition to a point where, had there not been certain restrictions or control probably 40 per cent of the mills would have gone into liquidation.

THE COMMISSIONER: The witness talks of a point of saturation, and says if there had not been control, probably 40 per cent of the mills would have gone into liquidation. I would like to have that amplified.

MR. KELLOCK: Yes, my lord.

BY MR. KELLOCK: Q. When you speak of control, Mr. Thompson, to what are you referring?

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increased overseas, it works out to about $500 to each operator.

Q. I notice according to Exhibit 782, which has been filed, that the profit on a pair of stockings has gone down as between 1926 and 1929 from 85.5 cents to 7.8 cents. Is that due to the competition which has grown up in the meantime?

A. Competition, and then again there is increased production and general improvement in the operation that has automatically brought down the profit per pair. In other words, we have increased our production and sold our merchandise on a price basis in competition with other merchandise.

Q. What I mean is this: Has the fall in the price and the fall in the ratio of your profit, is that a voluntary thing purely from the standpoint of your own will, or is it due to the growth of German industry and consequent competition?

A. As mills increased their production in this country they eventually reached the point of saturation which brought competition to a point where, had there not been certain restrictions or control probably 60 per cent of the mills would have gone into liquidation.

The witness talks of a point of saturation, and says if there had not been control into liquidation. I would like to have that amplified.

Yes, my lord.

Mr. Thompson, to what are you referring?

THE COMMISSIONER: First let him explain what he meant by saturation. Is it too great production of silk in Canada? Is that what the witness meant?

THE WITNESS: I would estimate that probably there is 30 per cent overproduction today.

BY THE COMMISSIONER: Q. Today. You are speaking of full fashioned hosiery? A. Yes.

BY MR. KELLOCK: Are you speaking of the actual production or of the capacity to produce. A. The capacity to produce and the equipment.

BY THE COMMISSIONER: Q. There is 30 per cent too much equipment today in Canada? A. To take care of the needs of this country.

Q. 30 per cent over what is required? All right. Now then, you say that 40 per cent of the mills would have had to close if it were not for this control that is talked about. Is that what you said? You used the word "control" or some similar word.

BY MR. KELLOCK: What do you mean, Mr. Thompson, when you say "control"? A. I would say control of operating to the point of avoiding prices going too low; that is to keep the industry on an even keel.

Q. When you say control of operating, do you mean price? A. Price to a certain degree. that is minimum prices on certain types of merchandise.

Q. Anything else? When you say control is that what you mean, minimum prices? A. Control of prices, control of standards of operating.

BY THE CHAIRMAN: First let him explain what he meant by sentence. Is it too great production of silk in Canada? Is that what the witness meant?

BY THE WITNESS: I would estimate that probably there is 50 per cent overproduction today.

BY THE CHAIRMAN: Q. Today. You are speaking of full fashioned hosiery? A. Yes.

By Mr. Gibson: Are you speaking of the actual production or of the capacity to produce.

A. The capacity to produce and the equipment.

By the Chairman: Q. There is 50 per cent too much equipment today in Canada? A. To take care of the needs of this country.

Q. 50 per cent over what is required? All right. Now then, you say that 40 per cent of the mills would have had to close if it were not for this control that is talked about. Is that what you said? You used the word "control" or some similar word.

BY Mr. Gibson: What do you mean, Mr. Thompson, when you say "control"? A. I would say control of operating to the point of avoiding prices going too low; that is to keep the industry on an even keel.

Q. When you say control of operating, do you mean prices? A. Prices to a certain degree. There is always ... certain type of merchandise.

Q. Anything else? When you say control is that what you mean, minimum prices?

A. Control of prices, control of standards of operating.

Q. What do you mean by standards of operating? A. For instance, fair practice --

BY THE COMMISSIONER: Q. You keep on using t the word operating. It is confusing because operating a mill is one thing and selling your goods at a certain price is another thing. Tell us which you mean when you talk of fair practice. A. Fair practice in merchandising and distribution of our product.

BY MR. KELLOC: Q. In regard to prices and selling? A. Yes.

Q. Give us an illustration of what you mean by fair practice in distribution. A. A fair practice would be the establishment of a quality, the general construction of each line.

Q. You mean, when you say the establishment of a quality, the general construction of each line, a practice by which the purchaser would know what he is getting? A. To begin with, establishing on the basis of earmarking merchandise as of either first quality, seconds, run of mill; then as to whether the merchandise is pure silk or a combination of artificial silk and pure silk; whether the stockings are made in the proper proportions. In other words, it is a protection to the consuming public and at the same time maintains standards in the mills so far as the production of their lines is concerned.

THE COMMISSIONER: I hope the witness is not getting away from the point. The point is this. He talked of the cont ol necessary to prevent

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Q. What do you mean by standards of operating

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BY MR. CHELDON: Q. In regard to prices and selling? A. Yes.

Q. Give us an illustration of what you mean by fair practice in distribution. A. A fair practice would be the establishment of a quality, the general construction of each line.

Q. You mean, from the establishment of a quality, the general construction of each line, a practice by which the purchaser would know what he is getting? A. To begin with, establishing on the basis of measuring merchandise as of either first quality, seconds, run of mill; then as to whether the merchandise is pure silk or a combination of artificial silk and pure silk; whether the stockings are made in the proper proportions. In other words, it is a protection to the consuming public and at the same time maintains standards in the mills so far as the production of their lines is concerned.

THE COMMISSIONER: I hope the witness is not getting away from the point. The point is this. He talked of the cost of necessary to prevent

40 per cent of the mills going into liquidation. That is the control I want him to describe more fully.

BY MR. KELLOCK: Q. You said, Mr. Thompson, that one of the elements in this control was the question of minimum prices. Is that right? A. Quite.

Q. Another thing that you spoke about as a matter of control was the grading of merchandise? A. Quite.

Q. Would that be the same thing or analgous to the grading of eggs? A. On the same basis.

THE COMMISSIONER: The object of that, I presume, -- I must understand what is said as we go along -- would be so that the purchaser could be assured as to the quality, and a preference would be given to the best quality.

BY MR. KELLOCK: Q. Is that what you mean, Mr. Thompson? A. Quite.

BY THE COMMISSIONER: Q. Those mills producing the best quality would survive, is that right? A. Quite.

Q. How is that going to keep the whole 100 per cent going if the consumers give a preference to the best quality goods? How are the others going to stay in business, those who are producing the inferior quality goods? A. It works out on the basis of the survival of the fittest. In other words, on the basis of whoever has the best product and produces at the most interesting price.

Q. Do I understand you to really mean that

40 per cent or thereabouts should disappear?
A. No.

Q. Well, how could there be a survival of the fittest unless the unfit go? A. We have an export market with the help, I would say, of the government.

Q. Do you say that 40 per cent of the production would go outside the country to an export market with the assistance of the government? What sort of assistance? A. In making satisfactory treaties and trade agreements with other countries.

Q. Can you give me any idea of what percentage of the production today goes outside of Canada? You told us about your own, but I mean the figures for the trade generally.
A. Do you mean mills outside Canada?

Q. No. What percentage of our Canadian production is exported? Do you know? We can find out, at any rate. A. I would consider about 20 to 25 per cent.

BY MR. McRUER: Is that of your own production?
A. Of all the mills combined together.

BY THE COMMISSIONER: Q. I thinkyou said your own percentage would be less than that?
A. 15 per cent.

THE COMMISSIONER: All right, proceed, Mr. Kellock.

BY MR. KELLOCK: Q. Mr. Thompson, do I understand that so far as the grading of your product, the products of your industry, is concerned that the consumer will know, no matter which mill is producing the goods, just what he is getting

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BY MR. MONTGOMERY: Is that of your own production?

A. Of all the mills combined together.

BY THE COMMISSIONER: Q. I think you said your own percentage would be less than that?

A. 15 per cent.

THE COMMISSIONER: All right, proceed, Mr. Montgomery.

BY MR. MONTGOMERY: Q. Mr. Thompson, do I understand that so far as the export duty of your production, the products of your industry, is concerned that the consumer will know, no matter which will be producing the goods, just what he is getting

and what the quality is, and that there will not be various qualities selling at or about the same prices. Is that what you mean? A. Quite.

Q. Just before I follow that up, we have had references to the sale of branded and unbranded lines. Does your company sell more of one than of the other? A. We sell mostly branded lines.

Q. That is, with your own mark on? A. Our own trademark.

Q. Then I suppose when you refer to the question of minimum prices you refer to the effort which was made in the agreements which we have had here to settle minimum prices from time to time? A. Quite.

Q. And what was the situation which faced you or the industry at the time when you first took part in that? What made it desirable from your point of view? A. Just prior to that time raw silk dropped from approximately $7 a pound to $2.50.

BY THE COMMISSIONER: Q. When was this? A. Starting about 1931.

Q. From $7 a pound? A. To $2.50.

BY MR. KELLOCK: Q. What was the effect of that? A. The American hosiery manufacturers were in a more or less chaotic condition, that is the American industry.

Q. What brought that about? A. The breaking of the silk market and the general world depression.

Q. Yes? A. The Canadian industry at

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and what the quality is, and that there will not be various qualities sailing at or about the same prices. Is that what you mean? A. Quite.

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A. Quite.

Q. And what was the situation which found you in that? [illegible] point of view? A. Just prior to that time raw silk dropped from approximately $7 a pound to $3.30.

BY THE CHAIRMAN: Q. When was this?

A. [illegible]

Q. From $7 a pound? A. To $3.30.

BY [illegible] A. [illegible] that?

Q. In a more or less chaotic condition, that is - [illegible].

Q. Was there [illegible] A. The [illegible] working of the silk market and the general world depression.

Q. Yes? A. The Canadian industry at

the time was facing serious problems in the general conditions of this country. There was a considerable number of failures among the retailers, and the manufacturers at that time reached a point of over saturation. At that time prices were higher of course.

Q. This was the time of capacity production A. It began to be noticeable, and as a result of the conditions I have mentioned some of the manufacturers were very much alarmed over the situation and apparently desired to get together through Major Hallam to ascertain just what measures could be taken to more or less save the industry.

Q. Just what was it that the industry was alarmed about? What was the actual situation? A. The selling of hosiery at prices below cost.

Q. Was that the prevailing condition at that time? A. It started at that time. Q. Was that the condition which made it desirable from the standpoint of the industry to attempt to stabilize prices. A. To stabilize prices In other words, to keep the bottom from falling out.

Q. Apart from the desirability from the standpoint of the mills, do you know anything about the desirability or otherwise of these agreements from the standpoint of the buyers from the mills? A. The feeling amongst most buyers was that any time they felt there was not any agreement amongst the mills they became alarmed.

Q. Why? A. For the reason that they were

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general conditions of this country. There was a
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lost in their buying, they had no control of their buying. The price quoted today would look interesting to ehm, and tomorrow they would find a lower price quoted, and the result was that any time they felt there was no agreement or arrangement or stabilization of prices amongst the manufacturers they felt they were in a dangerous period of oper tion because no matter what price they paid today they felt that some other retailer was probably buying cheaper.

BY THE COMMISSIONER: Q. I assume that the purchasers of these goods are the retail trade. A. Yes, the retail trade, my lord.

BY MR. KELLOCK: Q. Have you had that view expressed to you, Mr. Thompson, at times? A. We have had it openly expressed to us at certain times. When a certain buyer would hear that we were not in a price arrangement and that we were operating independently of the Association and other manufacturers.

Q. What would he say to you when he thought that was the case? A. Well, they would express alarm or disgust sometimes with our mill for not cooperating.

Q. Disgust with you? A. At times we were rather unpopular with certain buyers for not cooperating with theother manufacturers.

Q. I see. The retailer wanted to feel when he bought from Cotham, we will say, that his competitor was not going tobe able to buy from you at a lower price? A. Quite.

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Q. What do you say as to whether any of these agreements that you know of enhanced prices beyond what was fair and reasonable? A. Well as a comparison, if you were to secure or had the opportunity to compare the American retail prices as hosiery is sold over the American counter with prices for hosiery sold in Canada today over the Canadian counter, you would find that the quality of the Canadian product was better on the average and the price not any higher, notwithstanding that to make hosiery in Canada we have to pay duty on the machinery, the machines are built in the United States, and have also to pay duty on a number of supplies that go into the operation and into the making of hosiery which is over and above the expense of making hosiery in the United States.

Q. Is the raw silk any dearer to you than to American manufacturers? A. There is a saving on raw silk of 2 cents a pound in Canada over the United States. That is purely in the carriage charges from Japan.

Q. You have to pay more for your machinery than the American manufacturer? A. We have to pay duty onmachinery coming in. The full fashioned hosiery machinery is built in the United States, and we have to pay duty on the needles brought in from the United States or Germany and on a number of other things that go into the manufacture of hosiery.

Q. You say that the quality has beenmaintained and that it is a highe quality in Canada

Q. Right to your duty as to whether any of these machines that you have at present, before what was fair and reasonable? A. Well as a comparison, if you were to secure or had the opportunity to compare the American retail prices as hosiery is sold over the American counter with prices for hosiery sold in Canada today over the Canadian counter, you would find that the quality of the Canadian product was better on the average and the price not any higher, notwithstanding that to make hosiery in Canada we have to pay duty on the machinery, the machines are built in the United States, and have also to pay duty on a number of supplies that go into the operation and into the making of hosiery which is over and above the expense of making hosiery in the United States.

Q. In the raw silk may I refer to you then to the Prices Commissioner? A. There is a saving on raw silk of 3 cents a pound in Canada over the United States. That is purely in the particular shapes from Japan.

Q. You have to pay more for your machinery than the American manufacturer? A. We have to pay duty on machinery coming in. The full fashioned hosiery machinery is built in the United States, and we have to pay duty on the needles brought in from the United States or Germany and the basic of wire which they go into the manufacture of hosiery.

Q. You say that the quality has improved and that it is a little quality in Canada

than in the United States? A. It is higher in Canada for th reason t at we use a newer type of machi es. On the average the machines are newer in Canada than in the United States.

Q. Is that because the industry is younger in Canada? A. Younger in Canada, and they have a considerable number of the old - feshioned type of machines.

BY TH COMMISSIONER: Q. In the United States? A. In the United States.

BY MR. KELLOCK: Q. Now, Mr. Thompson, what do you say as to whether or not these agreements as we call them were honoured by those who from time to time undertook to honour them. What is your experience? A. The mills who made quality merchandise and built up consumer acceptance for their prod ct had no difficulty and in practicaly every instance honoured the agreement. On the ot er hand the mills making price merchandise, merchandise that was sold on a price appeal basis, found it difficult to carry out any arrangement.

Q. What do you say as to whether tyeh did or did not? A. Well I think that in many cases they did not. They felt t at the better mills should hold the umbrella over them.

Q. What do you mean by that? A. That those mills making quality merchandise should maintain their prices but give the others an opportunity to undersell in order to dispose of their production.

Q. In other words they would like to see the

better mills selling at a uniform price, and then they would come along and sell their production at lower prices. A. They would have their field to themselves.

Q. I notice that some of these letters put in as Exhibit 793 bear on that matter. There was a memorandum, dated May 5, 1936, apparently covering some meeting in Toronto at that time at which apparently some prices were settled, to some extent at least -- we do not know as yet between whom -- and then I see on the 14th of May following nine days afterwards, there is a complaint by Mr. Cooke that the Gotham Company were deliberating departing from the undertaking whichMr. C ooke apparently thought they had given --

THE COMMISSIONER: What year is that?

MR. KELLOCK: 1936.

BY MR. KELLOCK: Q. This letter apparently says that within nine days after the agreement of the 5th of May, 1936, was made, if there was such an agreement, this particular mill, the Gotham Company, immediately departed from any such arrangement. Have you read that letter? A. Right.

Q. Was that an exp rience which you met all the way along during the time these agreements were arrived at, or is it an experience which stands by itself? A. I made the statement yesterday that there was no such thing as an agreement because it was never carried out 100 per cent. Within a few days of a week we would always find someone had broken the arrangement, whatever it might be, by offering some concession, by offering

a lower price.

Q. In other words, they were not living up to it? A. Never at any time.

Q. I notice in the letter that my friend put in this morning as part of Exhibit 794, which is a telegram from Major Hallam to you dated July 17, 1935, there is a reference to what you described as the appointment by the Nordic mill of Greenshields and Company as their commission agents, and allowing them a commission, and the complaint was that that was simply an evasion of the minimum price arrangement which had been made at that time. Am I correct in that, A. That was one method by which the agreement would be broken.

Q. I see. So that you say never at any time were they effectively lived up to. A. I do not think any member could make the statement that the agreement was carried out completely 100 per cent.

Q. Here is a letter from Major Hallam to you dated February 10, 1936, contained in Exhibit 793, which refers to the preceding letter which you had written to the Silk Association on the 6th of February, 1936, where you pointed out, that since your refusal to discuss prices further you had been criticized by a number of the mills, that they had attempted to create the impression in the trade that you were directly responsible for the Association's inability to stabilize hosiery prices. Major Hallam in his letter to you of February 10,

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
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a lower price.

Q. In other words, they were not living up to it? A. Never at any time.

Q. I notice in the letter that my friend put in this morning as part of Exhibit 784, which is a telegram from Major Bellam to you dated July 17, 1935, there is a reference to what you described as the appointment by the Needle mill of Greenfields and Company as their commission agents, and allowing them a commission, and the complaint was that that was simply an evasion of the minimum price arrangement which had been made at that time. Am I correct in that? A. That was one method by which the agreement would be broken.

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1936, thanks you for your letter of February 6, and then says:

"I am distressed over the situation which has developed, because unless it is stopped it will in the end involve not only the mills, but the employees, the retailers and the consumers."

Are you in a position to explain any more fully just what is referred to there? A. Well, the continued downward trend of the retail trade and of prices in hosiery, with the ever-increasing competition at that time among the mills to sell their production, and with some mills starting to work shorter hours, running part time, they had to meet their obligations, the situation was such that Major Hellam made every effort to get the mills to get on a workable basis. With the mills becoming embarrassed and working short time, their employees would be affected.

(Page 11280 follows)

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The main thing, of course, was to keep the mills running and keep them employed. That was really our chief concern, and fortunately we were able to keep our mill running practically 100 per cent, but that is really the responsibility of all mill-owners; that is during the depression.

Q. Mr. Hallam mentioned the retailers as well. You dealt with that this morning as to how they were affected. He also mentions the consumer; what about them? A. Well, it was just a matter of the passing off of a poor type of merchandise at low prices, off merchandise that should never have been sold at -- should not be sold as first quality but sold as such in order for the retailers to keep up their sales. They would welcome, of course, low prices. On the otherhand, many retailers have preferred to work on a quality basis.

Q. You mean unless there was some regulation the consumers would be sold articles as being one thing when they were really something else? A. Right.

Q. Firsts when they were really seconds ?
A. For instance, merchandise sold in this country to-day as first quality is really produced as what is known as run of mill, firsts and seconds all mixed together, and they are sold as first quality to the consuming public who buy them thinking they are first quality and that they are getting a bargain. Now, it is to control that type of operating, to avoid merchandise that is really seconds being sold as first quality that the original idea of the association was formed. The

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late Mr. Kennedy of Belding-Corticelli was the one who I think really established the idea of a working arrangement amongst manufacturers, and the first intimation we had was to sit into a meeting to discuss ways and means of maintaining a better standard or a higher standard amongst the manufacturers in selling to the retail trade.

Q. Does that mean this, Mr. Thompson, that if there is no control in the way merchandise is to be marketed, that if one retailer is conscientious and he says he is selling first and he is selling firsts he naturally has to get a better price because he has paid a better price. If another retailer is not so conscientious and he is willing to sell an article which is really a second as a first then he can undersell the first retailer and still make a profit ? A. Exactly, and that is something that I think one of the chief purposes of the association was to stabilize not only the price but also fair practice or a high standard of operating.

Q. And that is really a protection to the consumer ? A. It is the greatest protection a consumer has, that is, to know when they are buying an article they are getting real value, or they are not being misled in their purchase.

Q. Now, looking again at Exhibit 793 I notice that this letter of the 6th of February, which is yours, refers to your refusal to join any price group at this time. So far as the documents show the last document which was signed by your company was in May of 1935;

late Mr. Kennedy of Sterling-Portcullis was the one who I think really established the idea of a working arrangement amongst manufacturers, and the first intimation we had was to sit into a meeting to discuss ways and means of maintaining a better standard or a higher standard amongst the manufacturers in selling to the retail trade.

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[illegible] terms to your regional to join any price group at this time. [illegible]

which was signed by your company was in May of 1928;

is that right ? A, As far as I can recall I would say yes, that is right.

Q. So far as you know; had you been under any obligation or a party to any understanding between the time when that document ceased to be effective and the letter I hold in my hand, that is, the time of the letter I hold in my hand, February,1936 ? A.None whatever, except that we made a point to cooperate with Major Hallam in attracting his attention to anything that we ghoutht or considered was unfair practice.

Q. Would that include any instances that you saw of certain prices being quoted ? A. Yes, In cases where we felt certain mills were deliberately breaking their agreement with the Association even though we were not a member we made it a point to co-operate with Major Hallam in endeavouring to maintain a proper basis amongst the mills.

Q. I see; there was a later agreement in September, 1935 to which you were not a party. Then, my friend referred you yesterday to a memorandum made by Mr. Cooke on the 5th of May, 1936 on the stationery of the Royal York Hotel. Do you recall being in Toronto at a meeting on or about that time ? A. Yesterday I made the statement I could not remember whether I attended that meeting or not. On my return to the office yesterday and on checking up my travelling expenses one thing brought to my mind another with the result that I remember I went up to that meeting. I attended there with Mr. Cooke. Around noon themeeting adjourned and we returned to our

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

is that right ? A. As far as I can recall I would say yes, that is right.

Q. So far as you know, had you been under any obligation or a party to any understanding between the time when the Government ceased to be effective and the letter I hold in my hand, that is, the time of the letter I hold in my hand, February,1936 ? A. None whatever, except that we made a point to cooperate with Major Bellam in attracting his attention to anything that we thought or considered was worth it.

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meeting. I attended there with Mr. Cooke. Around
[illegible] something adjourned and we returned to our

room. While we were in our room Mr. Cooke made up that memorandum on the hotel paper.

Q. That is this memorandum of the 5th of May ? A. Yes, that is how it came to be made up on the hotel paper. While we were in the room we made up that memorandum and in the meantime I communicated with the Toronto salesmen to advise them of how the sales tax was to be absorbed in the price.

Q. Now, we are going to hear from Mr. Cooke about it, so I am not going to examine you in detail, but I want to get your recollection on some things, Mr. Thompson. You say this memorandum of the 5th of May on the stationery of the hotel was made in the room occupied by you and Mr. Cooke after the meeting ? A. After the meeting; had it been made at a meeting it would in all likelihood have beenmade on plain white paper which is supplied at the meeting.

Q. And are you able to say what if any other mills were parties to any understanding as to prices arrived at at that meeting ? Do you remember yourself ? A. There is no question prices were discussed, because it would not, naturally, be possible --

Q. I want to ask you why did you go to Toronto ?

THE COMMISSIONER: Why what ?

MR. KELLOCK: Why did he go to Toronto, my lord? A. The new budget; there was an increase in the sales tax of 2 per cent on hosiery, that is, from 6 to 8 per cent.

Q. When was the new budget brought down ? A. The beginning of May.

Thompson. While we were in our room Mr. Cooke came up
that memorandum on the hotel paper.

Q. That is this memorandum of the 5th of May ?

A. Yes, that is how it came to be made up on the hotel
paper. While we were in the room we made up that memo-
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Q. I want to ask you why did you go to Toronto ?

THE COMMISSIONER: Why what ?

MR. KELLOCK: Why did he go to Toronto, my Lord.

[illegible]

per cent.

Q. When was the new budget brought down ? A. The
beginning of May.

Q. The 2nd of May is the date, yes ? A. The question was just how to apply it to the selling prices to the retail trade. Our prices at the time --

BY THE COMMISSIONER: Q. How to pass it on ? A. How to pass it on, how to collect it from the retailer. That is really what we had hoped or desired to do at the time.

BY MR. KELLOCK: Q. So that is why you went to Toronto ? A. That was the purpose. The only purpose I went to Toronto was to ascertain just how the other mills would establish the medium or basis for the collection of this extra tax.

Q. You said that led to a discussion of prices ? A. Naturally, we would not possibly get more than two or three manufacturers together without discussing prices.

Q. I wanted to ask you as to whether or not you remember what other mills , if any, were parties to any arrangement to charge certain minimum prices arrived at at that meeting ? A. I cannot recall.

Q. You do not recall that, all right. After you returned to Montreal what did you do so far as putting any new prices into effect ? A. We added approximately 60 per cent of the tax to our prices and absorbed the balance ourselves. In other words where we had a line of hose that was $7.65 we put the price up to $7.75.

BY THE COMMISSIONER: Q. Is this the sales tax you are referring to ? A. The 2 per cent extra sales tax.

Q. The 2nd of May is the date, yes ? A. The question was just how to apply it to the selling price to the retail trade. Our prices at the time --

BY [illegible]: Q. How to pass it on ?

A. How to pass it on, how to collect it from the retailer. That is really what we had hoped or desired to do at the time.

BY MR. [illegible]: Q. So that is why you went to [illegible] ? A. That was the purpose. The only purpose I went to Toronto was to ascertain just how the other mills would accomplish the medium or basis for the collection of this extra tax.

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A. Naturally, we would not possibly get more than two or three manufacturers together without discussing prices.

Q. I wanted to ask you as to whether or not you remember what other mills, if any, were parties to or arrangement to charge certain minimum prices arrived at that meeting ? A. I cannot recall.

Q. You do not recall that, all right. After you returned to Montreal what did you do so far as putting any new prices into effect ? A. We added approximately 4% over and above the [illegible] to the prices current. [illegible] up to $2.75.

BY THE COMMISSIONER: Q. Is this the sales tax you are referring to ? A. The 2 per cent extra sales tax.

MR. McRUER: You suggested to Mr. Thompson he had not signed the agreement of September, 1935 and he agreed with it, and I am afraid he is wrong about that because there is his signature.

MR. KELLOCK: Well then, he is wrong.

THE WITNESS: Yes, that is the agreement that was shown to me yesterday with my signature.

MR.McRUER: No, that is another one. It was suggested to you a moment ago that you had not signed the agreement of September, 1935.

MR. KELLOCK: Now, my friend shows me a document and I see the date on it is the 1st of May, 1935.

MR.McRUER: Then, I am wrong. It was the September one I asked for, Mr. Rene, so you are wrong.

THE COMMISSIONER: The agreement of the 1st of May 1935 was the last one this company signed.

MR. KELLOCK: Yes, my lord; the witness is right, my friend is wrong, and I don't care about myself.

THE COMMISSIONER: He did not sign the one of the 25th of September.

MR.KELLOCK: He didn't. Then, Mr. Thompson, following that meeting of the 5th of May, 1936, was any document issued by Mr. Hallam, or Mr. Hallam's office, covering any minimum prices arrived at at that time ? A. I don't recall seeing any.

Q. Now, I am showing you this document; what is this, Mr. Thompson ? A.This is a price list, a tentative price list we sent out showing the revised prices which absorbed a portion of the increase of two per cent tax.

MR. KENTLOCK: You suggested to Mr. Thompson he had not signed the agreement of September, 1955 and he agreed with it, and I am afraid he is wrong about that because there is his signature.

MR. KENTLOCK: Well then, he is wrong.

THE WITNESS: Yes, that is the agreement that was shown to me yesterday with my signature.

MR. COUNSEL: No, that is another one. It was suggested to you a moment ago that you had not signed the agreement of September, 1955.

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A. I don't recall seeing any.

Q. Now, I am showing you this document; what is this, Mr. Thompson ? A.This is a price list, a

Q. What is the date of that ? A. May 20th.

Q. Might that be part of Exhibit 793, my lord ?

THE COMMISSIONER: All right, what is it, a price list ?

MR. KELLOCK: It is the price list of the Canadian Silk Products, my lord, as of the 20th of May, 1936.

THE COMMISSIONER: That is after the increase in the sales tax ?

MR. KELLOCK: Yes, my lord. Now, Mr. Thompson, this is apparently a memeograph list. What is your practice when you send out or prepare a new price list? What form does it take ? A. Well, this is only a tentative list.

Q. What do you mean by a tentative list ? A. Temporary; our practice in sending out a price list is on a descriptive bulletin or booklet such as that.

Q. I am showing you a booklet, price list, which at the bottom says "For the season 1936-37". That is printed, and what do you say as to this document ? A. This is our standard price list that we issued on August 11th.

Q. Had you ever --

THE COMMISSIONER: Pardon me a moment, the price list of May 20th, 1936, has become part of what Exhibit ?

MR. KELLOCK: Exhibit 793, my lord, and the witness has also produced a printed catalogue, my lord, the season 1936-37. It is dated on the inside and is said to be effective August 11th, 1936. Mr. Thompson had you -- might that also be part of 793, my lord ? Mr.Thompson,

Q. What is the date of that? A. May 20th.

Q. Might/be part of Exhibit 738, my lord?

THE COMMISSIONER: All right, what is it, a price list?

MR. KERLOCK: It is the price list of the Canadian silk Products, my lord, as of the 20th of May, 1936.

THE COMMISSIONER: Does it go after the increase in the sales tax?

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Q. I am showing you a booklet, price list, which at the bottom says "For the season 1936-37". That is right, is that the way we do it?

A. This is our standard price list that we issued on August 11th.

THE COMMISSIONER: Pardon me a moment, the price list of May 20th, 1936, has become part of what Exhibit?

MR. KERLOCK: Exhibit 738, my lord, and the witness has also produced a printed catalogue, my lord, the season 1936-37. It is dated on the inside and is said to be effective August 11th, 1936. Mr. Thompson had you

had you when you prepared new prices at any time prior to the 20th of May, 1936, had you sent it out in the form of a memeograph such as we have here ? A. No.

Q. What form had it taken ? A. Always this form.

Q. It is always in the form of a printed catalogue ? A. Yes.

Q. Then, what is the significance, if any, of the issue by you of a price list, a new price list merely in a memeograph form ? A. We had not definitely decided just what the outcome would be of the application of the tax. We had made that up with the intention at a later date to establish definite prices.

BY THE COMMISSIONER: Q. Establish what ? A. Definite prices;you see, the unfortunate part with the sales tax, the 2 per cent brought the prices up to a basis that would not allow the retailer, or did not allow them what they would consider a fair mark up or fair profit. In other words --

Q. That is if they absorbed it all it would not be leaving enough margin of profit if they had to take the whole of it ? A. Right.

Q. So you decided -- when I say you, you and the other manufacturers decided to absorb 60 per cent of the increase, is that right ? A. Well, the question was discussed at this meeting as to the best method to absorb or to take care of the increase.

Q. Yes; you told us that the result was you decided that the manufacturers would stand 60 per cent of that increase ? A. Not necessarily; when I say

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had you when You prepared new prices at any time pri-
to the 20th of May, 1936, had you sent it out in the
form of a mimeograph such as we have here ? A. No.

Q. What form had it taken ? A. I have this form.

Q. It is always in the form of a printed cata-
logue ? A. Yes.

Q. Then, what is the significance, if any, of the
issue by you of a price list, a new price list merely
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Q. Yes; You told us that the result was You de-
cided that the manufacturers would stand 60 per cent
of that increase ? A. Not necessarily; when I say

60 per cent that is about the amount that we at the time absorbed ourselves.

Q. Just your company? A. I don't know as far as the other companies are concerned. I think some of them put their prices up higher. For instance, I understand --

Q. That is, absorbed less ? A. They absorbed less. They passed the full amount in some cases right on to the retailer. For instance, I understand that Howatson, the President of the Nordic Hosiery Company, he put his price, for instance, on crepe hose, he put it up to $7.90 at that time.

BY MR. KELLOCK: Q. Yours was what ? A. We put ours from $7.65 to $7.75.

BY MR. McRUER: Q. Was that the one he was selling at $6.50; you were objecting to him selling at $6.50, the same hose; within about six weeks you were objecting to $6.50 ? A. On the unbranded basis, that is, on plain pack or to the wholesale trade.

BY MR. KELLOCK: Q. Mr. Thompson, looking at these letters written by Mr. Cooke to Mr. Holzman of Ottawa and to Mr. Hallam on the 14th and 15th of May, 1936, it would appear that Mr. Cooke had the view that certain manufacturers in any event had entered into an arrangement to charge certain prices ? That is what the letters appear to say, is that right ? A. That is right.

Q. Well now, aside from the question of sales tax was there any significance in your company issuing a memeograph price list rather than getting out your printed catalogue if you had settled on new prices ?

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Reporter
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he put his price, for instance, on crepe hose, he put
it up to $1.00 at that time.

BY MR. CHILCOTT: Q. Young was what? A. He put
ours from $2.85 to $3.75.

BY MR. MORTON: Q. Was that the one he was sell
at $3.50; you were objecting to him selling at $3.50,
the same hose; within about six weeks you were objec
ing to $3.50? A. On the unbranded hosie, that is
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BY MR. MULLOCK: Q. Mr. Thompson, looking at th
letters written by Mr. Cooke to Mr. Holman of Ottawa
and to Mr. Mellam on the 14th and 15th of May, 1936, i
would appear that Mr. Cooke had the view that certain
manufacturers in any event had entered into an arrange
ment to charge certain prices? That is what the lett
A. My, is that right? Q. Well now, aside from the question of sales tax
was there any significance in your company issuing a
wholesale price list rather than getting out your
[illegible] if you had capital or any other

A. Well, there would be a possibility of our sending out -- using that as a tentative measure or a temporary price list until at a later date we definitely established just what our prices could be and then we would bring out our price bulletins.

BY MR.McRUER: Q. You were probably going to wait to see if they observed it ? A. To what extent the retailer would accept it.

BY MR. BELLOCK: Q. Was it, as my friend suggests to see whether or not any other manufacturers were going to live up to the agreement or whether it was going to have the same experience as before ? A. I cannot recall exactly what transpired but I would presume that would be the basis under which we held in abeyance the making up of our regular catalogue.

Q. Apparently there was a meeting, as you have told his lordship in answer to my friend, on the 29th of July and there is a memorandum which is part of the same Exhibit which mentions certain prices there for certain descriptions of goods. How long did your company continue to charge the prices which are set out in the memeograph price list of the 20th of May, or the prices mentioned on the memorandum of the 29th of July, 1936 ? Do we find the answer in the printed catalogue? A. As far as I can recall those prices were tentative and the new prices were definitely established in this catalogue at the beginning of August.

BY THE COMMISSIONER: Q. That is the August catalogue? A. Yes, the beginning of August, I think around the first of August, and then we had the

A. Well, there would be a possibility of our sending out -- using that as a tentative measure or a temporary price list until at a later date we definitely established just what our prices could be and then we would bring out our price bulletins.

BY MR. MCGILLIS: Q. You were probably going to wait to see if they observed it ? A. To what extent the retailer would accept it.

BY MR. HILLOCK: Q. Has it, as my friend suggests to see whether or not any other manufacturers were going to live up to the agreement or whether it was going to have the same experience as before ?

A. I cannot recall exactly what transpired but I would assume that would be the basis under which we held in abeyance the making up of our regular catalogue.

Q. Apparently [illegible] on the 14th of July and there is a memorandum which is part of the same Exhibit which mentions certain prices there for certain descriptions of goods. How long did your company continue to charge the prices which are set out in the memoscreph price list of the 20th of May, or the prices mentioned on the memorandum of the 20th of July, 1936 ? Do we find the answer in the printed catalogue ?

A. As far as I can recall those prices were tentative and the new prices were definitely established in the catalogue at the beginning of August.

BY THE COMMISSIONER: Q. That is the August catalogue ? A. Yes, the beginning of August, I think around the first of August, and then we had the

catalogue printed up and issued on the 11th.

BY MR. KELLOCK: Q. The catalogue is dated the 11th of August, but you say the prices were in force about the beginning of August ? A. About the 1st of August.

Q. And were those your own prices ? Were any other manufacturers consulted about the prices in the printed catalogue ? A. No one was consulted about those prices. Those prices were entirely apart, and all on our own basis without consulting any manufacturer in this country.

Q. And since that time have you been parties to any discussion of prices with any other manufacturers ? A. We have come in contact with the occasional manufacturer and in a general way talked about conditions and prices.

Q. I don't mean that. I mean have you ever been parties to any other understanding with any other manufacturer as to minimum prices such as are set out ? A. No, none whatsoever.

Q. There is one question I wanted to ask you, Mr. Thompson; what is your experience as to this situation, where prices are falling and you have contracts which are not fully delivered to the retailer ? A. Any orders we book or confirm or are confirmed to us by a retailer in the event of the prices falling or a reduction in any form we would give him the benefit on any undelivered part of the contract. In other words it works both ways for the purchaser. If there is an increase of price and if the retailer has a

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logue printed up and issued on the 11th.

BY MR. SMILEY: A. The catalogue is dated the 11th of August, but you may the prices were in force about the beginning of August ? A. About the 1st of August.

Q. And were those your own prices ? Were any other manufacturers consulted about the prices in the printed catalogue ? A. No one was consulted about those prices. Those prices were entirely ours, and all on our own basis without consulting any manufacturer in this country.

Q. And since that time have you been parties to any agreement with any other manufacturer as to minimum prices such as are set out in [illegible] and prices.

Q. I don't mean that. I mean have you ever been parties to any other understanding with any other manufacturer as to minimum prices such as are set out [illegible]

A. [illegible]

Q. [illegible] Any orders we book or confirm or are confirmed to us by a retailer in the event of the prices fetching or a reduction in any form we would give him the benefit on any undelivered part of the contract. In other words it works both ways for the protection [illegible]

contract at the lower price it is completed at the lower price.

Q. I see; is that because the retailer insists on that ? A. It is just a practice of trading with the retailer, trade in Canada.

BY THE COMMISSIONER: Q. That is the retailer would get the benefit of the fall of prices but they do not suffer by a rise in prices ? A. Exactly, my lord.

MR.KELLOCK: That is all, thank you.

BY MR. McRUER: Q. Mr. Thompson, there are two or three questions --

THE COMMISSIONER: Before you begin I have to complete a note I have here. Perhaps you can tell me this. I have forgotten it. I was asking Mr.Thompson about the proportion of the Canadian production of silk hosiery that is exported and he told me. Can anybody remind me now or tell me now what proportion of the Canadian field or Canadian market goes to outside trade, British or foreign ?

MR.McRUER: I think it is practically nil.

THE WITNESS: In silk hosiery.

THE COMMISSIONER: It must be very little, of course.

MR. McRUER: My recollection is Mr. Hooper told me it is only a few hundred dozen.

THE WITNESS: Probably one-half of one per cent at present although I understand there is some Japanese full fashioned hose that has been offered or will be offered in this country. They are starting to make

full fashioned hose in Japan in both artificial silk and silk on quite a large basis, and at the present basis of importation Japanese silk hose can be brought into this country and retailed for about 35 cents a pair in pure silk.

BY THE COMMISSIONER: Q. But it is not on the market ? A. It is not on the market but they are making plans in Japan to turn it out on a large volume basis.

BY MR. KELLOCK: Q. Can Canadian mills turn out full fashioned hosiery at any such price ? A. The lowest price we can possibly make genuine first quality hose in this country at the present time would be around $5.05.

BY THE COMMISSIONER: Q. $5.05 a dozen ? A. That is the lowest price.

Q. A dozen ? A. Yes.

Q. What do you say about this new Japanese price ? A. If could be imported into this country and sold for approximately -- retail for about 35 cents a pair.

BY MR. McRUER: Q. As good a hose as yours ? A. No no, no comparison, but price appeal, that would bring volume always.

Q. Do you not think the public of Canada are entitled to get access to cheaper hose after you have had an innings now of about eleven years with the profits we learned about yesterday ? A. If it is on a price basis and if the public of this country cannot afford to pay 59 to 69 cents a pair, we will say for a good stocking, then if Japan can produce them and ship to this country the same quality at a lower price the

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full fashioned hose in Japan is both artificial silk and silk or quite a large basis, and at the present basis of importation Japanese silk hose can be brought into this country and retailed for about 85 cents a pair in pure silk.

BY THE CHAIRMAN: Q. But it is not on the market ? A. It is not on the market but they are making in Japan to turn it out on a large volume basis.

BY M. HALL, K.C.: Q. Can Canadian mills turn out full fashioned hosiery at any such price ? A. The lowest price we can possibly make genuine first quality hose in this country at the present time would be $5.05.

BY THE CHAIRMAN: Q. $4.05 a dozen ? A. That is the lowest price.

Q. A dozen ? A. Yes.

Q. What do you say about this new Japanese price ? A. It could be imported into this country and sold for approximately -- retail for about 85 cents a pair.

BY M. HALL, K.C.: Q. As good a hose as yours ?

A. No, no comparison, but price equal, that would bring volume always.

Q. Do you not think the public of Canada are entitled to get access to cheaper hose after you have had an industry now of about eleven years with the profits we learned about yesterday ? A. If it is on a price basis and if the public of this country cannot afford to pay 85 to 89 cents a pair, we will say for a good stocking, then if Japan can produce them and sell in this country the same quality at a lower price the

Canadian public are entitled to it. But if it is a poor article that is not worth half the price but sold at half the price --

Q. Then, the public won't buy it, that is what will happen. A. Well, the unfortunate part is the public are usually misled.

Q. Has there been a reduction in quality in your hose in the last year or so ? A. There has been an improvement.

Q. Because some ladies I have discussed it with do not agree with you on that. They say there has been a reduction in quality.

MR. KELLOCK: Are you going to call them yourself.

MR. McRUER: No.

MR. KELLOCK: I don't think you should say that.

MR. McRUER: That complaint has been made. You say there has been an improvement in quality ? A. If you had the opportunity, or if you were to secure the services of a textile engineer and chemist and had proper tests made with the American hose as against the Canadian hose you would find the average Canadian hose would stand up much better.

Q. That is not the question I am asking. I am saying has there been a reduction in quality in Canada ? A. No. On the other hand, with keener competition there has been a vast improvement.

Q. Well now, is the equivalent hose that you are selling at a higher or lower price in the United States A. We will take one construction. For instance, crepe is retailed in this country as low on branded lines as

$1.00 a pair whereas the lowest price genuine crepe that they sell in the United States is $1.25 a pair.

Q. Now, Julius Kayser and Company are large operators in the United States? A. One of the largest.

Q. They are also one of your competitors? A. Right.

BY THE COMMISSIONER: Q. Competitors; they have a plant in Canada? A. In Sherbrooke, Quebec.

BY MR. McRUER: Q. They have one right beside you in Sherbrooke, or not far away so you are both operating under somewhat similar conditions. A. Our plant is controlled in Canada and theirs is controlled from New York.

Q. That may make a difference. A. They follow the standards, more or less, and construction and workmanship in many ways of the American industry and we follow independent of the---

Q. What you say is the industry here should have no fear then of competition from the United States because they are selling at higher prices over there than they are here? A. Right.

BY THE COMMISSIONER: Q. And we are making a better product? A. We are making a better product.

BY MR. McRUER: Q. As far as your own company is concerned it testifies to the soundness of the basis on which you make yours, anyway? A. Well, it is usually accepted, I think, that in the success of a business money is only 15 per cent of the results. That is, after all the largest factor, or 85 per cent

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is really knowledge of that business and proper application --

Q. Management, proper application and management?

A. And knowledge of the business itself.

Q. And therefore what I would like to know is how firms that are managed as wisely and efficiently as yours can justify asking to sell at the same prices as the other firm that is not managed as wisely and efficiently, how the public can be asked to support an unhealthy child on the same basis as a healthy one ? A. Well, the strong should look after the weaker.

THE COMMISSIONER: Mr. McRuer is concerned with the consumer at the moment.

BY MR.McRUER: Q. It would not be so bad if you were just looking after your weaker brethren but it is some other person that looks after the weaker brethren. That is what I am concerned about because after all, if you enter into a price agreement with the other companies and wish to keep them from going into bankruptcy and to keep them open and so on, it is the consumer that pays. It is not you because you make that much more profit, you told us. A. We have not made -- I do not think for a moment we have made any more profit in any arrangement we have made with the Association for the reason that any time we were in with any understanding with them our sales dropped off on certain things.

Q. Your reasoning a while ago was these price agreements enured to the benefit of the large sale firms ? A. Provided they were maintained.

gation --

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". and knowledge of the business itself.

". And therefore what I would like to know is how firms that are managed as wisely and efficiently as you can justify asking to sell at the same unless as the other firm that is not managed as wisely and efficient-

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THE COMMISSIONER: Mr. Mosher is concerned with the consumer at the moment.

BY MR. MORDEN: Q. It would not be so bad if you were just looking after your weaker brethren but it is some other person that looks after the weaker brethren. That is what I am concerned about because after all, if you enter into a price agreement with the other companies and with to keep them from going into bankruptcy you must be keep them open and so on. It is the consumer that pays. It is not you because you make that -- I do not think for a moment we have made any more profit in any arrangement we have made with the associa-

tion for the reason that any time the work is not done

[illegible]

[illegible]

[illegible]

Q. Oh, yes; well, that was the object of them, to be maintained? A. No, I don't think on the part of all members, for instance --

THE COMMISSIONER: No, no, don't get confused. Mr. McRuer says that the object of these agreements was that they would be maintained. That answers itself. It must have been its object.

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Q. You evidently put forward as a justification of the agreements that they were the salvation of the other mills, not your own salvation.
A. Well, any industry that becomes in a more or less chaotic condition, if three or four mills go into bankruptcy, that automatically throws on the market equipment or plant at very low prices, and it means that if they are put into operation again these plants with smaller overhead become a further menace to the industry

Q. A number of new mills started up making full fashioned hosiery after 1930. Is that correct? A. Yes.

Q. In the last five years several new ones have started up? A. On a very small scale.

Q. Byt others, Penmans for instance, have branched out and increased their output a good deal, haven't they? A. They started out as far as I recall about one year after our company.

Q. I see. At any rate, is it your view then in respect to the price agreements that all mills that want to go in ought to be nourished by price agreement to keep them from going into bankruptcy and having their machinery thrown on the market?
A. I do not know of any better plan.

Q. I see, but it does not make any difference how many would go into it, you would still get together and have the price agreement, and the consumer must support any number of mills that like to go into the business. That must be the logical conclusion. A. Well, the results of the past

Q. You evidently put forward as a justifica-
tion of the agreements that they were the salvation
of the cotton mills, not your own salvation.

A. Well, any industry that becomes in a more or
less chaotic condition, it throws or four mills go
into bankruptcy, that automatically throws on the
market equipment or plant at very low prices, and
it means that they are put into operation again
these plants with smaller overhead become a further
menace to the industry

Q. A [illegible] mills started in [illegible]
will [illegible] money after 1920. Is that
correct?

A. Yes.

Q. In the last five years several new ones
have started up?

A. Not a very small
scale.

Q. Not others, because the increase, have
increased out and increased their output a good
deal, haven't they?

A. They started out as far as I recall about one year [illegible].

Q. I see. At any rate, is it your view then in respect to the price agreements that all mills that went to go in ought to be governed by [illegible] agreement to keep them from going into bankruptcy and saving their machinery thrown on the market?

A. I do not know of any better plan.

Q. I see, but it does not make any difference how many would go into it, you would still get together and have the price agreement, and the [illegible] combination.

A. Well, the result of the past

few years show that the consumer has benefited more than anyone else because the consumer has been able to buy better quality goods from an industry in a new country under more favorable conditions than in any other country in the world.

Q. But it is a question of what he should have had. If you got the market, got all foreign competition excluded, then surely the consumer is entitled to have something better than what he is getting. A. Where could they get it?

Q. But your company has shown, I think you will agree, we are not putting it strongly when we say, fabulous profits. A. I would not say very fabulous profits.--

Q. You would not say that? Well, what would be a fabulous profit in your opinion?

MR. KELLOCK: Let the witness finish his answer.

THE WITNESS: -- when you consider what actually went into that business.

MR. McRUER: $48,000 went into it.

BY MR. McRUER: Q. You borrowed money from the bank and paid for it, you employed labourers and paid them, so you cannot credit the bank with a capital investment any more than you can credit the men that worked for you. A. We had $1,000,000 for goodwill, and what went into our business was the business connections that we had, a market made for us, a ready market for our product.

BY THE COMMISSIONER: Q. When you began your business you had no goodwill. You had to acquire that as you went along. A. The goodwill I

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few years show that the consumer has benefitted more than anyone else because the consumer has been able to buy better quality goods from an industry in a new country under more favorable conditions than in any other country in the world.

Q. But it is a question of what he should have had. If you cut the cream, cut all foreign competition excluded, then surely the consumer is entitled to have something better than what he is getting.

A. Where could they get it?

Q. But your company has shown, I think you will agree, we are not putting it strongly when we say, fabulous profits.

A. I would not say very fabulous profits--

Q. You would not say that? Well, what would be a fabulous profit in your opinion?

Mr. [illegible]: Let the witness finish his answer.

The Witness: -- when you consider what

[illegible]

Mr. Morden: $40,000 went into it.

By Mr. Morden: Q. You borrowed money from the bank and put it, [illegible] capital investment any more than you can credit the men that worked for you.

A. We had $1,000,000 for goodwill, and what went into our business was the business connections that we had, a market made for us, a ready market for our [illegible].

[illegible]

that as you went along.

A. The goodwill I

had was the connections I had with the retail trade throughout Canada.

Q. You mean in the first company?

A. My previous work.

Q. When did this $48,000 go in?

MR. McRUER: In 1924.

THE COMMISSIONER: That was the beginning.

MR. McRUER: That was the beginning.

THE COMMISSIONER: At t at time there was no good will.

MR. KELLOCK: The witness was speaking of his connections with the trade.

THE WITNESS: I was merchandising the output of Julius Kayser Limited of Canada. I was identified with the trade and had that connection with the trade throug hout Canada. I had been for fifteen years with one company in the same line, and the result was that when we started business we did not employ any salesmen until our sales amounted to over one million dollars. Through my connection with the trade I was able to sell the entire output.

BY MR. McRUER: You did not need to employ salesmen when your business was not subject to foreign competition and the market was wide open, when people had to have stockings and when there were only a few people from whom they could buy them. A. I would like to point out one thing. When we started business chiffon hosiery was not known in the market, only service weight; that is, heavyweight stockings. For several years after we were operating they were still importing

large quantities of hosiery from the United States in thpes and constructions we did not make in this country. Therefore foreign competition was not shut out entirely.

Q. Well it became shut out. A. Eventually as the range of style constructions increased in Canada automatically that closed out American and other merchandise.

Q. You said something to His Lordship this morning in reference t the amount of equipment that there was in respect to the market and you stated that there was 30 per cent too much equipment. A. In Canada.

Q. In Canada today? A. In order to take care of Canadian business.

Q. In order to take care of Canadian business A. Yes.

Q. But t at equipment is manufacturing 25 per cent that is exported? A. Right.

THE COMMISSIONER: 20 to 25 per cent.

BY MR. McRUER: Q. So there is not 30 per cent too much equipment in Canada? A. For Canadian needs.

Q. For Canadian needs, but you need the equipment if you are going to export, don't you? A. We will need a lot more equipment than if we have if we have better trade agreements with other countries.

THE COMMISSIONER: I thought the witness said that in order to give proper use and employment to the present equipment we should export a great deal more than we are exporting, that the government

large quantities of hosiery from the United States in types and constructions we did not make in this country. Therefore foreign competition was not shut out entirely.

Q. Well it became shut out. A. Eventually as the type of style construction increased in Canada automatically that closed out American and other merchandise.

Q. You said something to His Lordship this morning in reference to the amount of equipment that there was in regard to the matter and you stated that there was 20 per cent too much equipment. A. In Canada.

Q. In Canada today? A. In order to take care of Canadian business.

Q. In order to take care of Canadian business A. Yes.

Q. But that equipment is manufacturing 20 per cent that is exported? A. Right.

BY MR. MORRIS: Q. So there is not 20 per cent too much equipment in Canada? A. For Canadian needs.

Q. For Canadian needs, but you need the equipment if you are going to export, don't you?

[illegible] other countries.

THE CHAIRMAN: I thought the witness said that in order to give proper use and employment to [illegible] than we are exporting, that the government

should make further trade treaties, provide a larger export market. That is what you said, was it not, in order to take care of the present equipment?

THE WITNESS: To take care of the present equipment. If our government could secure more favorable trade agreements with other countries.

BY THE COMMISSIONER: Q. How much more of an export market should be get? We are exporting 20 to 25 per cent now. A. If we could export ten per cent more it would help to stabilize the market in Canada.

Q. It would help to stabilize it? A. Yes

BY MR. McRUER: Q. I do not quite understand why you are worrying about stabilizing the market for it seems fairly stable when I look over your balance sheet. If you could export that much more the price would go up in Canada and what you mean is that a certain quantity would be taken off the market here. Is that your proposition? A. When I talk about stabilizing the market I am talking in a general way of all mills, not of our own plant.

Q. That is what I mean, and your idea is that if you could get 10 per cent more export trade then the price would become firmer in Canada. A. Firmer, and allow all the manufacturers in this country to make a fair profit on their production.

Q. Then the consumer would have to pay more? A. The consumer in reality should pay more than he is paying now for hosiery in Canada.

Q. Mr. Thompson, in the face of your record of profits can you suggest that the consumer has

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should make further trade treaties, provide a
better market. Just to read you briefly, may
it not, in order to take care of the present
situation,

THE WITNESS: To take care of the present
favorable trade agreements with other countries.

BY THE COMMISSIONER: Q. How much more of
an export market should be got we are exporting
80 to 85 per cent now. A. If we could
export ten per cent more it would help to
stabilize the market in Canada.

Q. It would help to stabilize it? A. Yes

BY MR. WORRELL: Q. I do not quite under-
stand why you are worrying about stabilizing the
market for it seems fairly stable when I take look
over your balance sheet. If you could export
that much more the price would go up in Canada
and what you mean is that a certain quantity would
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Q. That is what I mean, and your idea is that
if you could get 10 per cent more export trade
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A. Firmer, and allow all the manufacturers in this
country to make a fair profit on their production.

Q. Then the consumer would have to pay more?

A. The consumer in reality should pay more than
he [illegible] in Canada.

Q. Mr. Thompson, in the face of your record
of profits can you suggest that the consumer pay

not paid you every last cent that was coming to you? A. I am talking of the hosiery industry generally, not of Canadian Silk Products.

Q. If the consumer paid more, your profits would be still more? A. Not necessarily. We do not know how we are going to buy silk this coming year.

Q. I am not talking of the price of raw materials. A. The profits in our business are not purely in mark-up on our goods. There is the favorable buying of silk from year to year.

Q. We can realize that. A. We have to watch our operation, keep our selling on a proper basis, work out every detail on an economic basis. We have gone to a lot of expense in developing a company that has no blown-up value, as you remarked yesterday. We do not establish expensive sales offices throughout Canada. We have operated on a most economical basis.

BY THE COMMISSIONER: Q. And other people have not done these things and therefore their position is not as good as yours? You are telling us of the things which you did not do and which tended to make your position as satisfactory to yourself as it is. I presume that you are implying that other companies did not pursue your wise course, that they did these things you did not do, and their position is not as good as yours. Is that right? A. Your Lordship has heard of companies having difficulties, financial and otherwise. They are probably being too extravagant, starting on a very large basis, top-heavy. We have

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We have come to a lot of expense in developing a
company that has no blow-up value, as you re-
marked yesterday. We do not establish exclusive
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BY THE CHAIRMAN: Q. And other people
have not done these things and therefore their
position is not as good as yours? You are telling
us of the things which you did not do and which
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yourself as this. I presume that you are implying
that of a company did not pursue your wise course,
that they did these things you did not do, and
their position is not as good as yours. Is that
right? A. Your membership has meant of
[illegible]es. Financial and other-
wise. They are probably being too extravagant,
starting on a very large basis, top-heavy. We have

a lot of businesses running that are top-heavy through starting out in an extravagant way. That applies to any kind of business.

BY THE COMMISSIONER: Q. To what extent should the consumer be called upon to make things good to these companies that have done the things you say ought not to be done. That is the point.

BY MR. McRUER: Q. Should it be by price agreement? I cannot see how you justify tying yourself up to companies working on price agreements that will insure their salvation. A. We had nothing to gain. It was purely, to begin with, a gesture of our desire to cooperate with the industry.

Q. You were extremely anxious that they should live up to the agreement because I put in a whole file of correspondence showing protest after protest that somebody was not living up to it. A. If you conscientiously make a bargain with anyone you naturally expect, and the more conscientious you are the more exacting you will be, to find that the other party falls in line with the agreement.

Q. But your contention was that you did not need it and they did. They thought eh they did not need it but you did probably. A. Probably we were all kidding ourselves.

Q. I see. One other question. Was Mr. Hallam -- you seem to recollect more today after thinking over this meeting of the 5th of May, 1936 -- was Mr. Hallam present at that meeting?

MR. KELLOCK: Mr. Hallam said in evidence that he was.

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through starting out in an extravagant way.
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BY MR. [illegible]: Q. My point stood
should the consumer be called upon to make things
good to those companies that have done the things
you say ought not to be done. That is the point.

BY MR. MORDEN: Q. Should it be by price
agreement? I cannot see how you justify by time
[illegible]
had nothing to gain. It was purely, to begin
with, a gesture of our desire to cooperate with
the Inquiry.

Q. You were extremely anxious that they should
[illegible]
that somebody was not living up to it.

A. If you consciously make a bargain with
anyone you naturally expect, and the more o[illegible]
[illegible]
[illegible]

Q. But your contention was that you did not
need it and they did. They thought on they did
[illegible]

A. I see. One other question. Was Mr. [illegible]
[illegible] -- you seem to recollect more today after
[illegible] over this meeting [illegible]
[illegible]
[illegible]

MR. McRUER: I do not recall that.

BY MR. McRUER: Q. Do you remember Mr. Hallam being there? A. I could not say.

BY MR. KELLOCK: Q. Mr. Thompson, you spoke about the question of competition from the United States industry. How many mills are there in the United Statesmaking full fashioned hosiery.

A. I understand about 650.

Q. And selling their output in Canada?

A. Provided they pay the duty.

Q. What effect would that have on the domestic industry, if there was no barrier to these mills selling their output in Canada?

A. The united States have over-saturated the market. They depended largely on an export market for a while, but they lost out in many instances on export. There is no question t at the United States has over produced on full fashioned hosiery, and undoubtedly their surplus would immediately be dumped into Canada at very low prices.

Q. You think you need the duty?

BY THE COMMISSIONER: Q. Their production would be dumped into Canada? A. If there was no duty.

BY MR. KELLOCK: Q. And dumped here at a very low price. A. At a very low price, yes, in order to capture the market. The usual procedure would be to dump their surplus into a new market.

BY THE COMMISSIONER: Q. You told us this morning that the price in the United States to their consumers was higher than prices here. How do you explain that? A. At certain times of

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MR. KELLY R: I do not recall that.

BY MR. KELLY R: Q. Do you remember Mr. Hallam being the ref? A. I could not say.

BY MR. KENNEDY: Q. Mr. Thompson, I am going about the question of exemption from the United States income duty. How many mills are there in the United Breweries that benefited recently?

A. I understand about 650.

Q. Provided they pay the duty?

Q. What effect would that have on the domestic industry, if there was no benefit to these mills selling their output in Canada?

A. The United Kingdom have considered the matter a while. But they lost out in many instances on export. There is no question that the United

the year, the Christmas trade, for instance, we usually allow about six weeks in business, and the mills like to keep their employees intact; they do not like to lose them, they will probably keep their mills running six or seven hours a day during a slack period and produce a cheaper run of merchandise which they will sell below cost rather than close up. For instance, one plant in the United States is producing seven hundred thousand dozen or hose at lower than cost, but the ultimate result will mean that the loss will not be equal to their overhead expenses if they were to close up.

BY MR. KELLOCK: Q. You were suggesting that there was no need for duty against American full fashioned hosiery. A. No, provided there was control, restriction of operating.

THE COMMISSIONER: There is that word "operating" again.

THE WITNESS: I was speaking of control of selling.

BY MR. KELLOCK: Q. You were saying that if there was not a duty the American mills are in a position simply to dump their production into Canada. A. They could saturate this market in a very short space of time. They would clamour to get into the market and could sell their merchandise at a very low price.

Q. So there is the matter of comparative costs here and in the United States, and then there is the question of dumping, which is quite another thing? A. It would be a very serious thing.

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the year, the theatres tire, for instance, we usually allow about six weeks in business, and the mills like to keep their employees intact; they do not like to lose them, they will probably keep their mills running six or seven hours a day during a slack period and produce a cheaper ran of merchandise which they will sell below cost rather than close up. For instance, one plant in the dozen or more at lower than cost, but the ultimate result will mean that the loss will not be equal to their overhead expenses if they were to close up.

BY MR. HELLOCK: Q. You were suggesting that there was no need for duty against American full fashioned hosiery. A. No, provided there was control, restriction of operating.

THE COMMISSIONER: There is that word "operating" again.

THE WITNESS: I was speaking of control of selling.

BY MR. HELLOCK: Q. You were saying that if there was not a duty the American mills are in a position simply to dump their production into Canada. A. They could penetrate this market in a very short space of time. They would almost to get into the market and could sell their merchandise at a very low price.

There is [illegible] here and in the United States, and then there is the question of dumping, which is quite cut or thing" A. It would be a very serious thing.

THE COMMISSIONER: I suppose the intermediate tariff applies, 32½ per cent and $1.35 a dozen.

BY MR. KELLOCK: Q. My friend made the statement -- I think you corrected it -- that when you startedmaking full fashioned hosiery in Canada you had no competition whatever from foreign sources. Is that right? A. Yes, we had competition.

Q. You had competition? A. Oh yes.

THE COMMISSIONER: The witness just told us about selling for Julius Kayser in this country, so there must have been some competition.

MR. McRUER: Julius Kayser had a factory in Sherbrooke.

THE WITNESS: They were established.

BY THE COMMISSIONER: Q. And you were selling for their Canadian trade? A. Yes.

Q. What was the foreign competition then?

BY MR. KELLOCK: Q. In addition to anything that Julius Kayser were making was there foreign competition which you had to meet when you started? A. Foreign competition not so much in regard to prices, but quite a number of American mills had established their brands in Canada, had established selling offices and had salesmen travelling throughout the country and a number of brands were extensively advertised an very well known in Canada before we started. Of course there brands were being sold for from $3.50 a pair up, which at the time was considered a fair price for silk stockings Julius Kayser at the time were selling hosiery made in Canada at $2.25 a dozen when we started, retailing at $3 a pair, made in Canada. When we started our

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first price was $2 a pair.

Q. One other thing. You were speaking about the economic basis upon which you have operated right from the beginning, and you were saying that other companies might have started off on what you called an extravagant basis. Are you able to charge any company making full fashioned hosiery today with having started out on an extravagant basis? A. I did not apply that that was done in the hosiery business. I had not hosiery in mind. I said business in general.

THE COMMISSIONER: That is not the point. Mr. Kellock wants to know if there is any such company in the hosiery business.

THE WITNESS: I do not know of any particular company that started out on any very elaborate basis.

BY MR. McRUER: Q. Might we assume that so far as you know the other companies are operating on the same efficient basis that you are.
A. I have never had the opportunity to look into these companies to ascertain just what their expenses overhead and selling expenses, may be.

BY THE COMMISSIONER: Q. The 40 per cent that you said could not survive? A. I mean 40 per cent of the mills, not 40 per cent of the competition. Some of the mills produce a very small amount.

BY MR. McRUER: Q. Do you sell abroad at the same price that you sell in Canada? A. In most cases we get a better price abroad.

Q. In some cases do you sell lower abroad?
A. In some cases, depending on the country and the trade agreements that Canada has. Probably we

first price was $2 a pair.

Q. One other thing. You were speaking about the economic basis upon which you have operated right from the beginning, and you were saying that other companies might have started off on what you called an extravagant basis. Are you able to charge any company meeting full fashioned hosiery today with having started out on an extravagant basis? A. I did not simply that that was done in the hosiery business. I had not hosiery in mind. I said business in general.

THE COMMISSIONER: That is not the point. Mr. Wallbank wants to know if there is any such company in the hosiery business.

THE WITNESS: I do not know of any particular one but I started out on any very elaborate basis.

BY MR. WALLBANK: Q. Might we sum me that so far as you know the other companies are operating on the same efficient basis that you are.

A. I have never had the opportunity to look into these companies to ascertain just what their expenses overhead and selling expenses, may be.

BY THE COMMISSIONER: Q. The 40 per cent that you said could not survive? A. I mean 40 per cent of the mills, not 40 per cent of the competition. Some of the mills would be a very small amount.

BY MR. WALLBANK: Q. Do you sell a road at the same price that you sell abroad. We get a better price abroad.

Q. In some cases do you sell lower abroad?

A. In some cases, depending on the country and the trade agreements that Canada has. Probably we

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find competition a little keener and it is necessary for us to bring our prices down.

Q. How about the Fiji Islanders? A. We get a better price there.

GORDON G. COOKE, Sworn

EXAMINED BY MR. McRUER:

Q. Mr. Cooke, you are employed with Canadian Silk Products Limited ? A. That is right.

Q. In what capacity? A. Sales Manager.

THE COMMISSIONER: This is the same company?

MR. McRUER: Yes, my lord.

BY MR. McRUER: Q. A number of letters have been referred to which purport to be copies of letters written by you, and were written, I suppose, on behalf of the company? A. That is correct.

Q. Do you recollect being at this meeting at the Royal York Hotel on May 5, 1936?
A. Yes, I was there.

Q. In this memorandum that I show you contained in Exhibit 793, is that in your handwriting? A. That is correct.

Q. Do you recollect the circumstances under which that was made out? A. Yes, I think I do.

THE COMMISSIONER: You are showing him what, Mr. McRuer?

MR. McRUER: The memorandum on the letter paper of the Royal York Hotel, marked "minimum prices".

THE COMMISSIONER: That is Exhibit 793?

MR. McRUER: Yes, and it starts off with

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find competition a little keener and it is necessary for us to bring our prices down.

Q. How about the Fiji Islands? A. We get a better price there.

EXAMINED BY MR. COLLIN:

Q. Mr. Cooke, you are employed with Canadian Fire Products Limited? A. That is right.

Q. In what capacity? A. Sales Manager.

Q. Is that the same company?

MR. CHAIRMAN: Yes, my Lord.

BY MR. COLLIN: Q. A number of letters have been identified to which purport to be copies of letters written by you, and were written, I suppose, on behalf of the company? A. That is correct.

Q. Do you recollect being at this meeting at the Royal York Hotel on May 5, 1939?

A. Yes, I was there.

Q. In this memorandum that I show you

A. That is correct.

Q. Do you recollect the circumstances under which that was made out? A. Yes, I think I do.

THE CHAIRMAN: You are showing him what,

MR. COLLIN:

THE CHAIRMAN: That is Exhibit ?

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"May 5, 1936, Minimum Prices," and ends with the words "Effective for all unconfirmed orders."

BY MR. McRUER: Q. You say you think you remember. I was just wondering if you can put it any clearer than that. A. I would like to clear up that point right now because apparently there has been some misudnerstanding.

Q. I went to ask you first do you remember it A. Yes, I said I think I remember it.

THE COMMISSIONER: You must not think; either you remember, or you do not.

THE WITNESS: There may be some uncertainty in your mind. If you are not positive, would you not say, "you don't remember."

THE COMMISSIONER: Yes. If you remember it you remember it.

THE WITNESS: This was written by me, I frankly admit that, and it was written -- I am trying to explain honestly what I recall, but when you say, "Do you remember?" I am not quite sure. There may be certain minor details that do not come to my mind.

BR. MR. McRUER: I want all the general details that you can remember. The ones that do not come to yourmind, I wont ask you to remember them. A. That is fair enough. This was written by me in the room of the Royal York Hotel on May 5, to the b st of my knowledge and ability.

Q. Do you remember writing it? Do you remember where? You say it was written in a room. I might have guessed that, but I want something more accurate if I can get it. Did you attend

remember. I was just wondering if you can put it any clearer than that. A. I would like to clear up that point right now because apparently there has been some misunderstanding.

Q. I want to ask you first do you remember it.

A. Yes, I said I think I remember it.

THE COMMISSIONER: You must not think; either you remember, or you do not.

THE WITNESS: There may be some questioning in your mind. If you are not positive, would you not say, "You don't remember."

THE COMMISSIONER: Yes. If you remember it you remember it.

THE WITNESS: This was written by me, I literally admit that, and it was written -- I am trying to explain honestly what I recall, but when you say, "Do you remember?" I am not quite sure. There may be certain minor details that do not come to my mind.

BY MR. McRUER: I want all the memory details that you can remember. The ones that do not come to your mind, I want ask you to remember them. A. That is fair enough. This was written by me in the room of the Royal York Hotel on May 3, to the best of my knowledge and ability.

Q. Do you remember writing it? Do you remember where? You say it was written in a room. I might have guessed that, but I want something more accurate if I can get it. Did you attend

a meeting at the Royal York Hotel, A. Yes, I did.

Q. Were there other manufacturers there A. Well, of course, I would not be there alone.

Q. All right. Who were there?

MR. KELLOCK: He could not have a meeting with himself.

BY THE COMMISSIONER: Q. Was that meeting on May 5, 1936? A. May 5, 1936.

Q. Is that the same meeting that Mr. Thompson referred to and said that it was called primarily in connection with the new sales tax? A. That is correct.

Q. You were at that meeting? A. Yes, sir.

BY MR. McRUER: Q. And do you remember the other manufacturers that were there? A. No, I would not be prep red toname them because I could not honestly.

Q. Mr. Berry shows me a minute book which purports tobe the minutes "of a meeting of Full Fashi ned Manufacturers at the Royal York Hotel, May 5th, 1936." The minutes are not signed by anyone. The minutes read:

"The meeting was called to order at 10.20.

As a mill present that was not a member of the Silk Association asked to have it merely a meeting of full fashioned manufacturers and not a section meeting, this was the basis arranged.

Douglas Hallam was appointed Chairman.

There were present Messrs. Lee Moore, E. G. Cole, W. P. MacDougall, Miss Bonneville,

Russell Weaver, E. J. Thompson, Gordon Cooke, J. J. Eagan, L. W. Turner, Wm. Terry, R. H. Hommel, H. H. Mochler, J. A. Burns, E. B. Eastburn, A. C. Howatson, S. W. Singer, A. S. Thompson, L. W. Lawson, J. D. Woods, M. Stothers, M. A. Boisclair."

Now just let me identify the companies that these people were representing. Lee Moore is connected with what company? A. I could not tell you.

Q. E. G. Cole? A. Belding Corticelli limited.

Q. W. P. MacDougall? A. Same firm.

Q. Miss Bonneville? A. What do they call that company?

MR. BERRY: Bonneville Smith.

BY MR. McRUER: Q. Russell Weaver? A. Butterfly Hosiery Company.

Q. E. J. Thompson? A.(?) Canadian Silk Products.

Q. Gordon Cooke? A. That is me.

Q. J. J. Eagan? A. Gotham Company.

Q. L. W. Turner? A. Holeproof Hosiery.

Q. W. M. Terry? A. Julius Kayser.

Q. R. H. Hommel? A. Mercury Mills, Ltd.

Q. H. H. Mochler? A. Mercury Mills, Ltd.

Q. J. A. Burns? A. Monarch Knitting.

Q. E. B Eastburn? A. National Hosiery.

Q. A. C. Howatson? A. Nordic Hosiery.

Q. S. W. Singer? A. Penmans

Q. A. S. Thompson? A. Supersilk Hosiery Mill

Q. L. W. Lawson? A. I do not know.

Russell Wayne, E. J. Thompson, Thomas
Cooke, M. J. Regan, I. S. Turner, Mr. Terry,
R. Hounsel, H. M. Koehler, J. A. Burns,
B. Beatburn, A. C. Newtson, S. W. Simpson,
G. Thompson, C. W. Lawson, I. C. Hanks,
Mr. Stothers, Mr. A. Kolasojkin.

Now I'm let me identify the companies that these people were representing. Leo Moore is connected with what company? A. I could not tell you.

C. E. G. Cole? A. Building Controvalli Limited.

E. C. Hartsfield? A. Lawyer.

B. Miss R Donnelle? A. What do they call that company?

MR. BRADY: Bonneville Smith.

A. Butterfly Motley Company.

C. E. J. Thompson? A.(?) Canadian Milk Products.

C. Gordon Cooke? A. That is me.

C. L. W. Turner? A. Hollycroft Dairy.

C. E. G. Cole? A. Mercury Milla, Ltd.

E. J. A. Burns? A. Montreb Building.

B. Beatburn? A. National Hosiery.

A. C. Newtson? A. Worlds Hosiery.

S. W. Simpson? A. Personne

C. W. Lawson? A. I do not know.

MR. BERRY: Toronto Hosiery.

BY MR. McRUER: Q. J. D. Woods? A. Toronto Hosiery.

Q. M. Stothers? A. Weldrest Hosiery.

Q. M. A. Boisclair? A. St. Johns Silk Company Limited.

Q. Then Lee Moore is the only one we have not got.

MR. BERRY: He is with Allen-A Company.

MR. McRUER: The minutes of this meeting go on as follows:

"The meeting was called to discuss the incidence of the salestax which had been increased from six per cent to eight per cent. It was pointed out that 'consumable materials' purchased by the mills had been made exempt from salestax, but that 'factory expense' materials such as 'needles' etc. would still be subject to the tax and this had been increased from six per cent to eight per cent.

The consensus of opinion was that on many lines prices were below the cost of production and that the mills could not afford to absorb the whole or any part of the sales tax. On the other hand it was mid season. In general the mills expressed the intention of invoicing the full eight per cent sales tax on goods sold 'sales tax extra' and as and when possible making adjustments in the goods sold 'sales tax included' to take care of the additional

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The consensus of opinion was that on many lines prices were below the cost of production and that the mills could not afford to absorb the whole or any part of the sales tax. On the other hand it was made season. In general the mills announce the intention of invoicing the full eight per cent sales tax on goods sold 'sales tax extra' and as and when possible making adjustments in the goods sold 'sales tax included' to take care of the additional

two per cent salestax.

The meeting adjourned at 12.15. At the adjournment Mr. H. H. Hommel was appointed Chairman of the Full Fashioned Hosiery Section."

Q. At the adjournment Hommel was appointed Chairman of the full fashioned hosiery section. Now doesthat draw anything to your mind? After you had got through discussing sales tax, Mr. Hommel was appointed Chairman of the full fashioned section, and then something else went on. Would that be it? A. No, I do not think so. It does not say so.

Q. How do you suppose the minutes would read? First you start in by saying in the minutes, this is not a section meeting, it is merely a meeting of manufacturers because there was one present who was not a member, and Mr. Hallam was appointed Chairman. Then at the adjournment of that meeting Mr. Hommel was appointed Chairman of the full fashioned hosiery section. But it does not tell us what happened at the session of the full fashioned hosiery section. Can you think a little bit and tell me what went on. A. I do not get your point there.

Q. Well, I would like you to get it. The Minute is a Minute of a meeting and starts off as follows:

"As a mill present that was not a member of the Silk Association asked to have it merely a meeting of full fashioned manufacturers and not a section meeting, this was the basis arranged."

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meeting adjourned at 12.15. At
this adjournment Mr. R. Monnel was appointed
Chairman of the Full Fashioned Hosiery
Section."

Q. At the adjournment Monnel was appointed Chairman of the Full Fashioned Hosiery section. Now does that draw an thing to your mind? After you had got through swearing sales to, Mr. Monnel was appointed Chairman of the Full Fashioned Section, was there something else?

A. No, I do not think so. It does not say so.

Q. Now do you suppose the minutes would read first you start in by saying in the minutes, this is not a section meeting, it is merely a meeting of manufacturers because there was one present who was not a member, and Mr. Mellam was appointed Chairman. Then at the adjournment of that meeting Mr. Monnel was appointed Chairman of the Full Fashioned Hosiery section. But it does not tell us what happened at the session of the Full Fashioned Hosiery section. Can you think a little bit and tell me what went on.

A. I do not get your point there.

Q. Well, I would like you to get it. The minutes is a minute of a meeting and starts off as follows:

"As a full present that was not a member of the Silk Association seemed to have it merely a meeting of Full Fashioned manufacturers and not a section meeting, this was the basis arranged."

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Mr. Hallam was appointed Chairman, and then we go on with the Minutes of that meeting, and then at the bottom it says:

"The meeting adjourned at 12.15.

The WITNESS: That was the end of it.

BY MR. McRUER: Q. It says:

"The meeting adjourned at 12.15. At the adjournment Mr. R. H. Hommel was appointed Chairman of the full fashioned hosiery section."

A. That was the end of it. The meeting adjourned.

Q. Do you remember that now? A. I remember that much certainly.

Q. You remember that? Now we have got something. That is quite clear. Then when was the question of minimum prices discussed? A. The question of minimum prices?

Q. Yes. A. I do not know I can recall any discussion of minimum prices in that respect. We discussed sales tax.

Q. Now you are not going to suggest in the face of this correspondence that there was nothing discussed at that meeting except sales tax? A. What correspondence?

Q. Well, I am going to read it to you in a minute if you have not read it. First, here is your own pencil memorandum, isn't it?

A. That is right.

Q. Which reads: 'Minimum Prices. Unbranded $5.25b plus tax. Branded f.o.b. mill $5.95, tax included,' and so on. Then it goes on and ends with "Effective for all unconfirmed orders."

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Mr. Mullins was appointed Chairman, and then we
go on with the Minutes of that meeting, and then
at the bottom it says:

"The meeting adjourned at 12.15.

The next was the end of it.

Y Mr. Hamilton: Q. It says:

"The meeting adjourned at 12.15.

At the adjournment Mr. F. L. Hounsell was ap-
pointed Chairman of the full fashioned hosiery
section."

That was the end of it. The meeting adjourned.

Q. Do you remember that now? A. I
remember that much certainly.

Q. You remember that? Now we have got
something. That is quite clear. Then when
was the question of minimum prices discussed?

A. The question of minimum prices?

Q. Yes. A. I do not know I can
recall any discussion of minimum prices in that
respect. We discussed sales tax.

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in the face of this correspondence that there
was nothing discussed at that meeting except
sales tax?

Q. Well, I am going to read it to you
in a minute if you have not read it. First, have
is your own memorandum, isn't it?

A. That is right.

$5.25 plus tax. Branded f.o.b. mill $5.35, tax
included. [illegible]
with "Effective for all unconfirmed orders."

A. Yes.

Q. Then on May 14, 1936, you wrote to Mr. Holzman. Have you read that letter? A. I must have read it.

Q. Have you read it recently? A. Yes, I have.

Q. So you know what is in it? A. You bet I do.

Q. All right. If you did not discuss minimum prices at thismeeting, what were you driving at in the letter to Holzman? A. Well, on numerous occasions we had ground for criticism of the activities of certain mills who were claiming that we should work together, and we had been criticized frequently for our refusal to participate.

Q. Yes. A. That carried on.

THE COMMISSIONER: There is the word "participate" It is a vague term like "operating". I want to know what you are talking about. You say working together and participating. Working together in what way?

THE WITNESS: Repeated attempts were made from time to time to get some kind of a price structure that would be inkeeping with everybody's interests.

BY MR. McRUER: Q. You signed agreements on that. There is no question about that. We have them in. A. All right, and with various concerns telling us that they were working to that end --

Q. That they would keep the prices that they had agreed to keep? A. That is obvious, but

A. Yes.

Q. Then on May 14, 1918, you wrote to Mr. Coleman. Have you read that letter? A. I must have read it.

Q. Have you read it recently? A. Yes, I have.

Q. Do you know what is in it? A. Yes, but I do.

Q. All right. If you did not discuss minimum price at that meeting, what were you driving at in the letter to Coleman? A. Well, we discussed questions we had ground for criticism of the activities of certain mills who were claiming that we should work together, and we had been criticized frequently for our refusal to participate.

Q. Yes. A. That carried on.

THE COMMISSIONER: There is the word "participate". It is a vague term like "operating". I want to know what you are talking about. You say working together and participating. Working together in that way?

A. Proposed attempts were made from time to time to get some kind of a price structure that would be interesting with everybody's interest.

MR. [illegible]: Q. You signed agreements on that. There is no question about that. We have them in. A. All right, and with various

[illegible]

as time went on these things became an absolute farce. There was no attempt made to stick to the arrangements which were expressed around a table.

Q. More than that; they were put in writing.
A. All right, you can add that, if you like.

Q. Do not put it in that way, that they were expressed around a table. It is such a loose way.
A. I am not a professional witness, and I shall have to apologize for any of my shortcomings.

Q. To get down to May of 1936, do you say that there was an agreement made on the 5th of May as to minimum prices or that there was not?
A. I cannot say.

Q. Well then, let me read the letters and see if they will help you any. Here is a letter of May 14, 1936.

THE COMMISSIONER: May 14 ?

MR. McRUER: Yes.

THE COMMISSIONER: That is only nine days afterwards.

BY MR. McRUER: Q. This letter is addressed to Holzman from you, and reads:

"Many thanks for your letter of the 12th inst., As requested we are putting through a credit for three pairs of style 240 given away in connection with your Screenalnd Fashion Review.

We are surprised to note that Gothams are offering perfect Chiffon for $5.00 tax included, particularly in view of the express agreement made by Mr. John Eagan himself that he would establish a minimum price of $5.25 plus tax.

Q. More than that; they were put in writing.

A. All right, you can add that, if you like.

Q. Do not put it in that way, that they were expressed around a table. It is such a loose way.

A. I am not a professional witness, and I shall have to apologize for any of my shortcomings.

Q. To get down to May of 1926, do you say that there was an agreement made on the 5th of May as to minimum prices or that there was not?

A. I cannot say.

Q. Well then, let me read the letters and see if they will help you any. Here is a letter of May 14, 1926.

THE COMMISSIONER: May 14?

MR. MCINTYRE: Yes.

THE COMMISSIONER: That is only nine days after-

BY MR. MCINTYRE: Q. This letter is addressed to Holman from you, and reads:

"Many thanks for your letter of the 12th inst., We requested we are putting through a credit for three pairs of style 240 given back in connection with your Screenland Fashion Review.

We are surprised to note that Gotham are offering perfect Chiffon for $3.00 tax included, particularly in view of the express

It seems rather unfortunate that the future of the hosiery industry should be jeopardized by this type of operating.

Yours very truly,

P.S. Will you please advise the date that Mr. Seeley called on you and offered Chiffon hose at $5.00 tax included. This date is very important."

Q. Now the date of your minimum price memorandum was May 5, 1956, and the price mentioned there for the unbranded was $5.25. That is the price you say John Eagan agreed to establish as a minimum price. John Eagan was present at that meeting. Now do you say there was no minimum price discussion at that meeting, and agreed to?
A. I cannot say that. I cannot say it was agreed to.

Q. Then what are you talking about in that letter? What are you wasteing postage stamps writing it for? A. Are you concerned about that?

Q. Why waste postage stamps writing a letter if there was no minimum price agreed to?
A. I think I had better explain the circumstances surrounding the letter.

BY THE COMMISSIONER: Q. In the letter you say that Eagan made an agreement. A. I did not say Mr. Eagan signed any agreement or sat around a table.

BY MR. McRUER: Q. You said he made an agreement? A. Yes, all right.

Q. You said it was an express agreement too?
A. Yes.

(Page 11315 follows)

It seems rather unfortunate that the future of
society insurity should be jeopardized by this
type of operating.

Hard duty Lady.

Q. Will you please advise the date that Mr.
Deeley mailed on you any offered Option
Rose at $3.00 tax included. This date is
very important.'

Q. Now the date of your minimum price memo-
randum was May 5, 1926, and the price mentioned
there for the unbrended was $6.25. That is the
price you say John Logan agreed to establish as
a minimum price. John Logan was present at that
meeting. Now do you say there was no minimum price
discussion at that meeting, and agreed to?

A. I cannot say that. I cannot say it was agreed
to.

Q. Then what are you talking about in that
letter? What are your westerly postage stamps
writing it for? A. Are you concerned
about that?

Q. Why was to you have stamps writing a letter
if there was no minimum price agreed to?

A. I think I had better explain the circumstances
surrounding the letter.

BY THE COMMISSIONER: Q. In the letter you say
[illegible] A. I did say [illegible]
[illegible] Q. Were signed any agreement or not agreed
upon.

BY [illegible]: Q. You said he made an agree-
ment?

A. Yes, all right.

Q. You said it was an express agreement took
A. Yes.

. Whatever you meant by express agreement ? A. He expressed himself several times to me that he was quite willing to adhere to this $5.25 price. Now, he said that on numerous occasions. A customer comes into the office and tells me that the thing is an absolute farce, that the whole intention to get prices stabilized is an absolute farce. I said "in what respect is it an absolute farce?" He said "Only yesterday we had one of the salesmen come in here and offer me stuff at less than $5.25". We have had that $5.25 price common to agreements for two or three years.

. I am getting at whether there was an agreement made on the 5th of May ? A. I cannot tell you I don't know.

Q. Are you swearing that you don't know ? A. I don't remember.

Q. You don't remember ? A. No. I will tell you exactly what I remember. That is all you asked me when I got up here. I told you I was not quite sure. That is the only thing you have asked me, to tell about the things I remember, and what I remember is this that when this suggestion was made that a meeting be called to discuss sales tax we made the express request that there would be no discussion of minimum prices, and you will find that in the minutes as well.

. I don't care what is right in the minutes of what you were not going to discuss. I am concerned with what you did discuss. A. Nevertheless it throws some possibilities they may not have been discussed to the same extent as they might have been

. Whatever you meant by express agreement ?

A. He expressed himself several times to me that he was quite willing to address to this $5.25 price. Now, he said that on numerous occasions. A customer comes in to the office and tells me that the thing is an absolute farce, that the whole intention to get prices established is an absolute farce. I said "Is what transpot is it an absolute farce?" He said "Only yesterday we had one of the salesmen come in here and offer me stuff at less than $5.25". We have had that $5.25 price common to agreements for two or three years.

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. I don't care what is right in the minutes of what you were not going to discuss. I am concerned

discussed at a price meeting .

Q. Where is there anything in these minutes that you would not discuss minimum prices. If there is anything written in there that you were having a meeting at which you were not going to discuss minimum prices, I would like you to point it out to me ?

A. I don't know, I don't see it here but I know we made that request.

Q. Was it agreed on that day that it would be put in the minutes that you were not discussing minimum prices ? A. Oh no, I could not say that.

Q. Then, let us go on ? A. I never saw this book before until I came into this room.

Q. Let us go on with your correspondence and see what you say about what you wrote yourself. On the 16th of May you wrote a letter to Mr. Holzman which reads as follows. In the first place to begin with Mr. Holzman sent back your original letter with the memorandum on it"May 12th, 11:30 A.M. Bill." A. Yes.

Q. You wante to know the day because it was important, and I suggest to you it was important to you to know whether it was before or after the 5th of May ? A. I would not say that. I would want to know the exact circumstances so that I could justify my criticism if I made it. I would not want any half-baked information.

Q. Half-baked information; all right, we will go on to May 16th,

"Many thanks for the pen and ink memorandum answering the question we raised in regard to

discussed at a price meeting.

Q. Where is there anything in these minutes that you would not discuss minimum prices. If there is anything written in there that you were having a meeting at which you were not going to discuss minimum prices, I would like you to point it out to me?

... I don't know, I don't see it here but I know we made that request.

Q. Was it agreed on that day that it would be put in the minutes that you were not discussing minimum prices? A. Oh no, I could not say that.

Q. Then, let us go on? A. I never saw this book before until I came into this room.

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Q. You wanted to know the day because it was important, and I suggest to you it was important to you to know whether it was before or after the 5th of May? A. I would not say that. I would want to know the exact circumstances so that I could justly

Q. Half-baked information; all right, we will go on to May 16th.

Gotham's offer. The reason we asked you is because they denied that they have offered hosiery under the $5.25 plus tax price since May 5th."

Now, does that bring anything to your memory ? A. No, it doesn't. In what respect do you mean ?

Q. Well, that you had agreed upon minimum prices on the 5th of May. That is in what respect I suggest? A. No, I cannot say that.

Q. All right, we go on. "We received a visit this morning from a representative of the Street Car Advertising Company and he stated" -- Well, that is about street car advertising. Then, we come to another letter. The same day as you wrote to Mr. Holzman you wrote to Mr. Douglas Hallam for some reason or another? A. Yes.

Q. You wrote as follows --

THE COMMISSIONER: What date ?

MR. McRUER: May 16th, my lord.

"Mr. Berry of your local office advised the writer that he had been in communication with Mr. John Eagan of the Gotham Hosiery Co. and Mr. Eagan told him definitely that they had not offered any hosiery under the Silk Association agreement since it went into effect."

Now, do you say now you did not make an agreement on the 5th of May? A. I cannot remember.

Q. That does not bring anything to your memory at all, just back to the 5th of May last year ?

THE COMMISSIONER: This year.

Gotham's offer. The reason we asked you is because they denied that they have offered hosiery under the $5.85 plus tax price since May 5th."

Now, does that bring anything to your memory? A. No, it doesn't. In what respect do you mean?

Q. Well, that you had agreed upon minimum prices on the 5th of May. That is in what respect I suggest?

A. No, I cannot say that.

Q. All right, we go on. "We received a visit this morning from a representative of the Street Car Advertising Company and be stated" -- Well, that is about street car advertising. Then, we come to another letter. The same day as you wrote to Mr. Holmes you wrote to Mr. Douglas Hallam for some reason or another?

A. Yes.

Q. You wrote as follows --

MR. MONET: May 16th, my lord.

"Mr. Perry of your local office advised the writer that he had been in communication with Mr. John Regan of the Gotham Hosiery Co. and Mr. Regan told him definitely that they had not offered any hosiery under the Silk Association agreement since it went into effect."

Now, do you say now you did not make an agreement on 5th of May? A. I cannot remember.

Q. That does not bring anything to your memory at all, just back to the 5th of May last year?

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MR. McRUER: This year ? A. All I can say is simply this. You may think I am trying to conceal something, but I am not. All I can say is this. The meeting discussed the application of the sales tax. You cannot discuss sales tax without talking prices. Whether it was a case of talking minimum prices or not I cannot say. I do know this that the mills discussed the question of the sales tax and they felt with the prices prevailing at the time they could not absorb the added burden of the increased sales tax.

Q. If there were no minimum prices agreed on why were you complaining about Gotham hosiery selling at the prices they were selling at ? Why couldn't they sell at any price they liked ? A. You remember this that when you were going through the correspondence before, when we were not parties to the Association we were still complaining.

Q. You were maintaining the rules and regulations of the Association although not parties to it ?

A. Not parties to it.

Q. But you were maintaining the minimum prices although not subscribing parties to it ? A. Well, we did subscribe in some instances.

Q. I am coming back to what you say in your correspondence, and I want to know -- this is all your correspondence -- whether there was a minimum price agreement arranged among the mills on the 5th of May?

A. I cannot remmmber.

Q. Then, I ask you why you were complaining about the Gotham company and writing to Mr. Hallam about it.

A. ... this year? ... All I can say simply this. You may think I am trying to conceal anything, but I am not. All I can say is this. The meeting discussed the application of the sales tax. You cannot discuss sales tax without talking prices. Whether it was a case of talking minimum prices or not I cannot say. I do know that the mills discussed the question of the sales tax and they felt with the prices prevailing at the time they could not absorb the added burden of the increased sales tax.

Q. If there were no minimum prices agreed on why were you complaining about Dutton hosiery selling at the prices they were selling at? Why couldn't they sell at any price they liked? A. You remember that when you were going through the correspondence before, when we were not parties to the association we were still complaining.

Q. You were maintaining the rules and regulations of the association although not parties to it?

A. Not parties to it.

Q. But you were maintaining the minimum prices although not subscribing parties to it? ... Well, did subscribe in some instances.

I am coming back to what you say in your correspondence, and I want to know --- this is all your agreement arranged among the mills on the 5th of May? -- whether there was a minimum price

A. I cannot remember.

Q. Then, I ask you why you were complaining about the Dutton company and writing to Mr. Mallen about it.

Why did you write to him about it ? A. As I told you before we were very much interested in the whole industry, we have a selfish interest just the same as everybody else.

Q. What do you meanby that? A. For instance, if anything should happen the industry and it gets out of hand and the mill starts slaughtering prices we go down with them.

Q. You did not feel you were trembling on the brink just at this time ? A. No, but we have plenty of grief just the same.

Q. Then you go on "We have taken the trouble to check on this and " -- so you were going to some trouble about this ? A. You bet your life.

Q. "and find that their reapesentative offered one of our Ottawa accounts chiffon hose first quality at $5.00 tax included on the morning of May 12th at 11:30 o'clock. We have endeavoured to communicate with Mr. Berry in this connection this morning and find that he is out of town. We therefore refer the matter to you, and it would appear to us to be a good plan to approach the Gotham Company with a view to having them give a definite assurance in writing that they are stopping the activities of their representative in this respect." Now, you see you were calling on Mr. Hallam to get Gotham to give a definite assurance in writing that they were going to do what ? A. What do you mean ?

Q. I am asking you what you mean ? A. Would you repeat the question.

Why did you write to him about it ? A. As I told you
country, we have a selfish interest just the same as
everybody else.

Q. What do you mean by that? A. For instance, if
anything should happen the industry and it gets out of
hand and the mill starts standing/string prices we go
down with them.

Q. You did not feel you were trembling on the
brink just at this time ? A. No, but we have plenty
of grief just the same.

Q. Then you go on "We have taken the trouble
to close on this and " — so you were going to save
trouble about this ? A. You bet your life.

Q. And find that their representative offered
one of our Ottawa accounts objection hose first quality
at 4p.00 tax included on the morning of May 12th at
11/4d writing ?

with Mr. Berry in this connection this morning and
find that he is out of town. We therefore refer the
matter to you, and it would appear to us to be a good
plan to approach the Gotham Company with a view to
having them give a definite assurance in writing that
[illegible]
in this respect." Now, you see you were calling on
Mr. Phillips to get Gotham to give a definite assurance
in writing that they were going to do what ? A.
What do you mean ?

Q. I am asking you what you mean ? A. Would you
[illegible]

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Q. I say you were calling on Major Hallam to have Gotham give a definite assurance in writing t do something and what was it you wanted ? A. I don't just follow you.

Q. Just read that over for a minute and see if you cannot follow me. Just read that and think for a minute and see if you cannot follow me ? A. I could read this and think perhaps but I might have difficulty in following you unless you give me a question.

Q. I am asking you what it was you wanted Gotham to give a definite assurance in writing about ? A. Or why we wanted them.

Q. No, I am asking you what assurance you wanted from Gotham ? A. Well, I don't know. I presume what we wanted was to have them give some assurance to Major Hallam in a more -- what shall I say -- impressive form than their statements that they made in the past.

Q. What were the statements they made in the past that you wanted in writing ? A. As I told you before John Eagan on numerous occasions said he was quite prepared to maintain the $5.25 price. Then, I run across instances where he is not doing it. Naturally I am interested.

Q. And that agreement was apparently made on the 5th of May, was it not ? A. Well, you can form your own conclusions as to that. I cannot remember.

Q. "The reason we asked you is because they denied that they have offered hosiery under the $5.25 plus tax price since May 5th." Now, come, Mr. Cooke, and tell

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Cooke.

. I say you were calling on Major Hallan to have
Cotham give a definite assurance in writing t do some
thing and what was it you wanted ? A. I don't
just follow you.

Just read that over for a minute and see if
you cannot follow me. Just read that and think for a
minute and see if you cannot follow me ? A. I could
in following you unless you give me a question.

. I am asking you what it was you wanted Cotham
to give a definite assurance in writing about ? A. Or
why we wanted them.

. No, I am asking you what assurance you wanted
from Cotham ? A. Well, I don't know. I presume
what we wanted was to have them give some assurance
in the west.

. What were the statements they made in the west
that you wanted in writing ? A. As I said pre-
fore John began on numerous occasions said he was
quite prepared to maintain the $5.25 price. Then, I
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rally I am interested.

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5th of May, was it not ? A. Well, you can form
your own conclusions as to that. I cannot remember.

. "The reason we asked you is because they denied
that they ever offered bakery under the $5.25 plus the
on
tn." Now, come Mr. Cooke, and tell

us what took place at the meeting of May 5th ?
A. The meeting was called to discuss sales tax and application and the mills present were of the opini that owing to the prevailing prices at the time th could not continue to absorb that tax. It had gone
Q. I mean outside of the sales tax tell us wh took place about minimum prices when you made the m randum in your own handwriting, "Minimum prices", set it out and said it was to be effective on all uncompleted contracts, "effective" are your own wo What did you mean by effective for all uncompleted contracts if you had not agreed on that ? A. Pa don me, you re not reading it correctly. "Effecti for all unconfirmed orders." That applies to our order.

Q. All right, it would be effective on that Then seven days later you are complaining about Go selling at lower than the prices set out. Now, in the face of all that -- A. Do you want me t explain it ?

Q. Yes, give any explanation you wish. A. I have tried to on several occasions.

MR. KELLOCK: Let the witness answer before y put another question.

THE WITNESS: I find it very confusing to hav you shoot four or five questions at me and let me only half way through with one.

BY THE COMMISSIONER: Q. Well, the basic question is very simple, witness. You are asked

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as what took place at the meeting of May 5th ?

A. The meeting was called to discuss sales tax and its application and the mills report were of the opinion that owing to the prevailing prices at the time they could not continue to absorb that tax. It had gone up.

Q. I mean outside of the sales tax tell us what took place about minimum prices when you made the resolution in your own language, "minimum prices", not it out and said it was to be effective on all uncompleted contracts, "effective" are your own words. What did you mean by effective for all uncompleted contracts if you had not agreed on that ? A. Excuse me, you do not reading it correctly. "Effective for all unconfirmed orders." That applies to our own

Q. All right, it would be effective on that . Then seven days later you are complaining about (volume) selling at lower than the prices set out. Now, in the face of all that -- A. Do you want me to explain it ?

. Yes, give any explanation you wish. A. I have tried to on several occasions.

MR. KELLOCK: Let the witness answer before you put another question.

THE WITNESS: I find it very confusing to have you shoot four or five questions at me and let me get only half an answer.

BY THE COMMISSION: Q. Well, the basic thing is very simple, witness. You are asked

what discussions -- what agreement was entered into on May 5th concerning these minimum prices that you talk about in your letter ? A. Well, my lord --

Q. You persist in saying you don't know, and you don't remember. I don't know what you mean, what is your answer ? A. My answer is that my recollection of the meeting is it was called to discuss sales tax.

Q. You have told us that ? A. And the discussion took place and the mills were of the opinion that they could not continue to absorb the sales tax.

Q. All right, what about this agreement ?

A. As the result we discussed prices. Everybody discussed prices. It is tied up with the price of the product, and it was finally decided upon that they would absorb the tax as far as I remember. It was the consensus of opinion that everybody would absorb the tax and it was with that understanding we left the room. Now, as a rule these meetings are quite prolonged, but this particular meeting was over just about noon, and the only discussion that I recollect had to do with that question of whether the tax was to be passed on or whether it would be absorbed.

Q. I want to know -- you say that is the whole discussion, that there was no discussion there of minimum prices ? A. There might have been, I don't remember.

Q. In the face of your letters which are very positive ? A. Well, I don't remember, my lord.

what discussions -- what agreement was entered into a
day 5th concerning these minimum prices that you talk
about in your letter ? A. Well, my lord --

Q. You are not in saying you don't know, and you
don't remember. I don't know what you mean, what is
your answer ? A. My answer is that my recol-
lection of the meeting is it was called to discuss
sales tax.

Q. You have told us that ? A. And the
discussion took place and the mills were of the opi-
nion that they could not continue to absorb the sale
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Q. I want to know -- you say that is the whole
minimum prices ? A. There might have been, I don't
remember.

Q. In the face of your letters which are very
[illegible] A. Well, I don't remember, my lord.

. Surely you do ? A. I am positive.

. All right.

BY MR. MCRUER: Q. You seem to remember a lot of details very well ? A. I do.

. All about the sales tax and how it was going to be done ? A. I have read over this correspondence trying to get the proper conception of the whole thing, because I don't know. We are not in the business of attending the meetings at the Association and so on. We get our livelihood from the sale of silk stockings, and this is more or less a side issue.

BY THE COMMISSIONER: Q. No, it is not a side issue. It has to do with the sale of silk stockings? A. I mean so far as our own activities.

. From your correspondence you are very much worked up about some competitor not living up to a price agreement, weren't you ? A. Yes.

. And still you tell me you cannot remember anything about it ? A. I certainly do not remember whether at that meeting on May 5th we went into any discussion on minimum prices and agreed upon certain minimum prices.

. Read that last letter again .

MR. MCRUER: "Mr. Berry of your local office advised the writer that he had been in communication with Mr. John Eagan of the Gotham Hosiery Co. and Mr. Eagan told him definitely that they had not offered any hosiery under the Silk Association agreement since it went into effect."

THE COMMISSIONER: Is that the last letter ?

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MR. McRUER: That was the one to Hallam, and the other one is "Many thanks for the pen and ink memorandum answering the question we raised in regard to Gotham's offer. The reason we asked you is because they denied that they have offered hosiery under the $5.25 plus tax price since May 5th."

THE COMMISSIONER: Since May 5th.

BY MR.McRUER: Q. Do you remember communicating with Mr. Berry about it ? A. Yes, I think I do.

Q. Well, -- A. Or I do.

Q. What did you ask Mr. Berry to do ? A. Well now, I cannot tell you in so many words. I merely communicated with Mr.Berry and told him that Gotham -- that we had a report that Gotham is selling under this price and we understood that Gotham were prepared to work on certain prices.

Q. You said you understood Gotham were prepared to work at certain prices; where did you get that understanding ? A. I had spoken to John Eagan on numerous occasions and Mr.Eagan has always told me he is willing to work at these prices.

Q. Was it a complete surprise to you when Mr. Berry said to you that Gotham have not offered any hosiery under the Silk Association agreement since it went into effect ? Were those Mr. Berry's words to you or your own words ? A. I don't know. That might be my own words.

Q. How did you get that language if you had no knowledge of a silk association agreement ? A. I didn't say I had no knowledge of a silk association agreement.

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Mr. MOULIN: That was the one to Mullen, and the other one is Mercy thanks for the pen and ink memorandum answering the question we raised in regard to Gotham's offer. The reason we asked you is because they denied that they have offered beaver under the $6.85 plus tax price since May 5th."

BY Mr. MOULIN: Do you remember communicating with Mr. Berry about it ? A. Yes, I think I do.

Well, -- A. Or I do.

What did you ask Mr. Berry to do ? A. Well now, I cannot tell you in so many words. I merely communicated with Mr.Berry and told him that Gotham -- that we had a report that Gotham is selling under this price and we understood that Gotham were prepared to work on certain prices.

You said you understood Gotham were prepared to work at certain prices; where did you get that understanding ? A. I had spoken to John Hagan on numerous occasions and Mr.Hagan has always told me he is willing to work at those prices.

Was it a complete surprise to you when Mr. Berry said to you that Gotham have not offered any beaver under the $6.85 [illegible] ? A. [illegible]

How did you get that language if you had no [illegible] association agreement ? A. I didn't [illegible] of a silk association agreement.

There have been agreements right along.

Q. How do you account for having forgotten all about this angle of what took place ? A. You could ask me lots of questions about various meetings from time to time and I don't remember it. I don't remember half of it. You probably have letters there and I would not remember writing them until I saw them on the record.

Q. Well, all right.

BY MR. KELLOCK: Q. Mr. Cooke --

THE COMMISSIONER: Mr. Kellock, it is nearly one o'clock and you had better take time to re-examine this witness between now and Monday.

MR. KELLOCK: My lord, I will only be a minute or two and I do not want to come back on Monday, my lord.

MR. McRUER: I am afraid we will have to now, I will have to go on with Dr. Dawson.

MR. KELLOCK: If I am not trespassing on your lordship's time I should like to finish it. Mr. Cooke, Mr. Thompson said that as a result of that meeting of the 5th of May, the result was that 60 per cent of the sales tax was to be absorbed by the mills, and you have said to his lordship --

THE COMMISSIONER: No, Mr. Thompson said his company absorbed 60 per cent. He did not say they all did. That is right, Mr. Thompson ?

MR. THOMPSON: That is right, your lordship.

MR. KELLOCK: Then, I had it wrong. You just said at this meeting the decision of the mills was to absorb

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There have been appearances right along.

Q. How do you account for having forgotten all about this angle of what took place ? A. You could ask me lots of questions about various meetings from time to time and I don't remember it. I don't remember well of it. You probably have letters there and I would not remember anything then until I saw them on the record.

Q. Well, all right.

BY MR. KELLOCK: Q. Mr. Cooke --

THE COMMISSIONER: Mr. Kellock, it is nearly one o'clock and you might better take time to re-examine this witness between now and Monday.

MR. KELLOCK: My Lord, I will only be a minute or two and I do not want to come back on Monday, my friend.

MR. MONTGOMERY: I am afraid we will have to now, I will have to go on with Mr. Dawson.

MR. KELLOCK: If I am not trespassing on your lordship's time I should like to finish it. Mr. Cooke, Mr. Thompson said that as a result of that meeting of the 8th of May, the result was that 80 per cent of the sales tax was to be absorbed by the mills, and you have said to his lordship --

THE COMMISSIONER: No, Mr. Thompson said his contribution was absorbed on his basis. He did not say how all did. That is right, K.C. Thompson ?

MR. KELLOCK: Then, I had it wrong. You just said at this meeting the decision of the mills was to absorb

all the sales tax. Mr. Thompson said that so far as your mill was concerned that 60 per cent was to be absorbed by your mill.

MR. THOMPSON: Pardon me, approximately would be the better way to put it.

BY MR. KELLOCK: Q. I was just wondering if there is a difference in your recollection and Mr.Thompson's recollection on that point ? A. No, I perhaps talked loosely on that. I did not infer it or intend to that they were absorbing everything because as a matter of fact we didn't. In some instances we raised our prices as we thought they would best fit in with the retail prices allowing the retailer his fair mark-up.

Q. Do you remember what the decision was if any? Was there any uniform decision of the mills at the meeting or was it an individual matter ? A. Well, the unfform opinion I think, and agreement was that they would seek to absorb as much of the sales tax as they could.

Q. Yes, I see; that was the decision ? A. Yes .

Q. Now, if there were any discussions at that meeting about fixing minimum prices to which you were a party I want you to tell his lordship if you can remember any othermills which agreed with you or became parties to any understanding with you to charge minimum prices from that time on ? A. If I can remember any other mills that agreed with us ?

Q. Yes, did you make an agreement ? Can you tell his lordship whether you made an agreement or understanding with any other mills present that day to fix

all the mills talk. Mr. Thomson said that so far as your mill was concerned that 90 per cent was to be absorbed by your mill.

MR. THOMSON: Pardon me, approximately would be the better way to put it.

BY MR. MACLEOD: I was just wondering if there is a difference in your recollection and Mr. Thomson's recollection on that point? A. No, I perhaps talked loosely on that. I did not infer it or intend to that they were absorbing everything because as a matter of fact we didn't. In some instances we raised our prices as we thought they would best fit in with the retail prices allowing the retailer his fair mark-up.

Q. Do you remember when the decision was if any was there any uniform decision of the mills at the meeting or was it an individual matter? A. Well, the uniform opinion I think, and agreement was that they would seek to absorb as much of the sales tax as they could.

Q. Yes, I see; that was the decision? A. Yes.

Q. Now, if there were any discussions at the meeting about fixing minimum prices to which you were a party I want you to tell His Lordship if you can [illegible] prices from that time on? A. If I can remember any other mills that agreed with us?

Q. Yes, did you make an agreement? Can you tell His Lordship whether you made an agreement or understanding with any other mills present that day to fix

minimum prices on hosiery ? A. Well, the prices -- we had a price in effect of $7.65, I think, on crepe hose at the time --

Q. That is prior to the meeting ? A. Prior to the meeting, and I think that it was agreed at the time that the price would be moved up to $7.75. I don't know what mills decided to adopt that $7.75 price, but I think that some of the mills did.

Q. That is what I want to know; I want to know if you are able to tell his lordship, whether you can name to-day any specific mill or mills that agreed with you ? A. No, I cannot name them, no, I cannot.

Q. And on this question of the $5.25 are you able to tell his lordship to-day any specific mill or mills that agreed to charge that price from that time on? A. No, I don't think I can.

Q. Then, you say that Mr. Hagan of the Gotham Mill had undertaken with you from time to time -- A. I think there is some misunderstanding in regard to this express agreement. I really don't think that related to an Association agreement, but I think to -- what I intended to convey there was what I thought was it had reference to Hagan's talks from time to time in which he took the attitude he was quite willing to set this price of $5.25.

Q. Mr. Cooke, at any time when your company became a party to an understanding or agreement to charge certain minimum prices was there or was there not a document which you signed and forwarded to Mr.Hallam ? A. At any time ?

Q. When you became parties to a general understandind as to minimum prices ? A. Oh yes, we signed --

MR. McRUER: There are the agreements he observed sometimes that he didn't sign.

MR KELLOCK: I am not talking about observation.

MR. McRUER: He said sometimes they signed it and sometimes they observed it when they didn't sign it.

BY MR. KELLOCK: Q. I am asking at any time that your company became a party to any understanding about charging minimum prices that is, a general understanding, not an understanding as between you or Mr. Gotham or Mr. Hagan, but I mean a general understanding as to minimum prices, was there or was there not a document signed by you and forwarded to Mr. Hallam ? A. Every time there was an agreement ?

Q. Of a general nature aside from any particular understanding as between you and any individual mill? A. Well, I would not like to say. We signed memorandums on numerous occasions, but perhaps there may have been occasions when there was no signature. As to that I could not say.

Q. Do you recall any such occasion ? A. No, I don't.

Q. Now, on or after the 5th of May, 1936, was there any document signed by your company and forwarded to Mr. Hallam, or were you asked by Mr. Hallam to sign and send in any document ?

Page 11330 follows.

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Q. When you become parties to a general understanding as to minimum prices ? A. Oh yes, we signed —

MR. MONTGOMERY: There are times we do observe sometimes that he didn't sign.

MR. KELLOCK: I am not talking about observation. MR. COOKE: He said sometimes they signed it and sometimes they observed it when they didn't sign it.

BY MR. KELLOCK: Q. I am asking at any time that your company become a party to any understanding about observing minimum prices that is, a general understanding as between you or Mr. Cotham or Mr. Hogan, but I mean a general understanding as to minimum prices, was there or was there not a document signed by you and forwarded to Mr. Bellam ? A. Every time there was an agreement ?

Q. Of a general nature aside from any particular understanding as between you and any individual mill? A. Well, I would not like to say. We signed numerous on numerous occasions, but perhaps there may have been occasions when there was no signature. So to that I could not say.

Q. Do you recall any such occasion ? A. No, I don't.

Q. Now, on or after the 5th of May, 1936, was there any document signed by your company and forwarded to Mr. Bellam, ... to sign and send in any document ?

A. Not to my knowledge.

THE COMMISSIONER: Do I understand that there was some particular agreement between these two companies only, the Gotham Company and this company, in respect to which Mr. Hallam was to interfere, because he was written to.

MR. KELLOCK: I am coming to that.

BY MR. KELLOCK: Q. Will you answer His Lordship's question? A. There was no agreement between the Gotham Company and ourselves independent of any other mills.

BY THE COMMISSIONER: Q. That is why you wrote to Mr. Hallam? A. That is correct.

Q. Because they were all concerned init? A. That is right.

BY MR. KELLOCK: Q. On and after the 5th of May or this year, there being no agreement which you had signed and sent to Mr. Hallam or even been asked to sign and send to Mr. Hallam, why were you writing to Mr. Hallam about Eagen's failure to charge a certain price? A. There had been conversations and a further demand had been made to arrive at some sort of agreement, and Mr. Hallam and certain members of the Association still had optimistic hopes that something might develop. We did not share that point of view, and I think just about this time the Gotham Company announced prices around the street that were a reduction on the prevailing price.

Q. What do you mean by the prevailing price? A. I mean the market price at that time. I do not remember the exact price.

A. Not to my knowledge.

THE COMMISSIONER: Do I understand that there was some particular agreement between these two companies only, the Gotham Company and this company, in respect to which Mr. Hellam was to intervene, because he was written to.

MR. LUDEN: I am coming to that.

BY MR. MILLOCK: Q. Will you answer this question? A. There was no agreement between the Gotham Company and ourselves independent of any other mills.

BY THE COMMISSIONER: Q. That is why you wrote to Mr. Hellam? A. That is correct.

Because they were all concerned into

A. That is right.

BY MR. MILLOCK: Q. On and after the 5th of May of this year, there being no agreement which you had signed and sent to Mr. Hellam or even been asked to sign and send to Mr. Hellam, why were you writing to Mr. Hellam about Regan's failure to observe a certain price? A. There had been conversations and a further demand had been made to arrive at some sort of agreement, and Mr. Hellam and certain members of the Association still had optimistic hopes that something might develop. We did not share that point of view, and I think just about this time the Gotham Company announced prices around the street that were a reduction on the prevailing price.

Q. What do you mean by the prevailing price? A. I mean the market price at that time. I do not remember the exact price.

The COMMISSIONER: The price offered by this company for a certain line was $7.25.

THE WITNESS: $5.25. This was a later development in which they reduced the price of their brands.

BY MR. KELLOCK: Q. My question to you was that you, you, not having signed any agreement of a general character on or after the 5th of May and not even having been asked by Mr. Hallam to sign such agreement, and having run across this ~~incident~~ instance of the Gotham Company offering to sell at the price of $5.25 including tax, why would you write to Mr. Hallam? A. We would write to him because, as I say, there were conersations intending to establish or revive the old agreements.

MR. McRUER: He can remember this, but he could not remember the other matters.

MR. KELLOCK: Please do not interrupt.

THE WITNESS: You did not ask me these questions, Mr. McRuer.

BY MR. McRUER: Q. Are you saying that you remember this instance of the negotiations to increase the price or arrive at a price agreement? A. What do you infer from what I said.

THE COMMISSIONER: I think you had better let Mr. Kellock go on.

BY MR. KELLOCK: Q. My question was this, That you, not having signed any agreement of a general character on or after the 5th of May, and not even having been asked by Mr. Hallam to sign such agreement, and haveing run across this instance

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The Commissioner: The notice offered by this company for a certain line was $7.25.

Mr. Kilgour: $8.25. This was a later settlement in which they reduced the price of their stock.

Mr. Commissioner: My question to you was that you, not having signed any agreement of a general character on or after the 5th of May, not even having been asked by Mr. Dillon to sign such agreement, and having run across this Montreal Cotton Company offering to sell at the price of $9.25 including tax, may would you write to Mr. Dillon? A. We would write to him because, as I say, there were conversations intending to establish or revive the old agreements.

Mr. McFadden: We can remember this, but he could not remember the other matters.

Mr. Commissioner: Please do not interrupt.

Mr. McFadden: You did not ask me those questions, Mr. Commissioner.

By Mr. McFadden: Q. Are you saying that you remember this instance of the negotiations to increase the price or arrive at a price agreement? A. What do you infer from what I said.

Mr. Commissioner: I think you had better let Mr. Dillon go on.

By Mr. Commissioner: Q. My question was this, that you, not having signed any agreement of a general character on or after the 5th of May, not even having been asked by Mr. Dillon to sign such agreement, and having run across this Montreal

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of the Gotham Company offering to sell at the price of $5.25 including tax, why would you write to Mr. Hallam? You said there were conversations to revive the old agreements? A. There were informal discussions I think held at the time, and several mills felt that the price structure could be revived, reinstated and carried on on a practical basis, and we were frequently invited to join with the other mills, and any question that would arise in connection with infractions that were contrary to the viewpoint expressed by these individuals, we were naturally interested in because they showed there was no sincerity in their present attitude, and I think that was the intention of making a complaint. We made complaints on numerous occasions.

Q. To whom? A. To Mr. Hallam, over possible four or five years.

Q. Can you remember any conversation with Eagan on the 5th of May, where he agreed with you to charge this $5.25 price? A. No, I cannot remember that.

Q. But you do remember conversations from time to time with Mr. Eagan to that effect? A. Oh yes, but when you put it down to a specific date I honestly cannot say.

Q. You heard Mr. Thompson's evidence as to the price list which was sent out by your company following the 5th of May, and you agree with that? A. I do.

-- Adjourned at 1.05 p.m., to resume at 10 o'clock a.m., Monday, November 2nd, 1936.

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of the Gotham Company offering to seal at the price of $3.25 including tax, why would you write to Mr. Hellam? You said there we e conversations to revive the old agreement? A. There were informal discussions I think both at the time, and several mills felt that the price structure could be revised, reinstated and carried on on a practical basis, and we were frequently invited to join with the other mills, and any discussion that would arise in connection with inquiries that were sent to the viewpoint expressed by individuals, we were naturally interested in because they showed there was no solidarity in their present attitude, and I think that was the intention of making a complaint. We had conclusions on numerous occasions.

Q. To whom? A. To Mr. Hellam, over possible four or five years.

Q. Can you remember any conversation with began on the 6th of May, where he opened with you to change this $5.25 price? A. No, I cannot remember that.

Q. But you do remember conversations from time to time with Mr. began to that effect?

A. Oh Yes, but when you put it down to a specific date I honestly cannot say.

Q. You heard Mr. Thompson's evidence as to the price list which was sent out by your company [illegible] May, you have with [illegible]

Adjourned at 1.05 P.M., to resume at 10 o'clock a.m. Wednesday, November 2nd, 1926.

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ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

EIGHTY-FIRST DAY

(November 2, 1936)

Robert Brydie,
Official Reporter.

ROBT. BRYDE
Chartered Stenographic
Reporter
TORONTO - CANADA

ROYAL COMMISSION ON THE TEXTILE INDUSTRY

HON. MR. JUSTICE W.F.A. TURGEON,

Commissioner,

A.S. Whiteley, Secretary,

Appearances:

J.C. McRuer, K.C. and E. Beauregard, K.C.	Commission Counsel,
J.P. Lanctot, K.C. and R.L. Kellock, K.C.	For Special Committee on Primary Textile Industries.
C.G. Heward, K.C. Aime Geoffrion, K.C. and C.T. Ballantyne,	For Dominion Textile Company.
S.G. Dixon, K.C.	For Courtaulds, Limited,
L.A. Forsyth, K.C.	For Canadian Celanese Limited, and Canadian Silk Products Limited.

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Montreal, Quebec,
2nd November, 1936.

-- The Commission resumed at 10 a.m.

GORDON G. COOKE - Examination by Mr. McRuer (Resumed).

BY MR. McRUER: Q. Now, Mr. Cooke, to get back again to this meeting of the fifth of May, 1936, have you been able during the weekend to refresh your memory at all as to what took place in regard to price arrangements at that meeting? A. Well, Mr. McRuer, I have thought the thing over very carefully over the weekend and looking at those two letters that you also brought to my attention, It seems to me that I certainly was under the impression that some agreement existed, but I have thought the thing over in detail as far as I can follow it, and I cannot recall any details of a discussion of minimum prices other than that question of crepe that I referred to.

Q. The crepe was the $7.25 one? A. No, that was the $7.65.

Q. $7.65, yes. That was a more expensive one. A. Yes.

Q. You do recall that there was discussion at that meeting of the question of a minimum price on crepe? A. Well, I do not know whether

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-- The Commission resumed at 10 a.m.

CONNOR G. COOKE - Examination by Mr. Lennox (Continued).

BY MR. LENNOX: Q. Now, Mr. Cooke, to get back again to this meeting of the fifth of May, 1936, have you been able during the weekend to refresh your memory at all as to what took place in regard to price arrangements at that meeting? A. Well, Mr. Lennox, I have thought the thing over very carefully over the weekend and looking at those two letters that you also brought to my attention. It seems to me that I certainly was under the impression that some agreement existed, but I have thought the thing over in detail as far as I can follow it, and I cannot recall any details of a discussion of minimum prices other than that question of crepe that I referred to.

Q. The crepe was the $7.25 one? A. No, that was the $7.65.

Q. $7.65. Yes. That was a more expensive one. A. Yes.

Q. You do recall that there was discussion at that meeting of the question of a minimum price on crepe? A. Well, I do not know whether

you would call it a minimum price on crepe. The way the thing came up might perhaps throw some light on it. I remember that one member made the comment that crepe hosiery was too low a price and that he could not absorb the additional two per cent sales tax in view of the prices he was then selling it at. Our price at the time was $7.65. I do not know how many mills had the same price, but I think some had the same price because our prices and a mill like Julius Kayser & Company, for instance, were pretty close together, having corresponding styles in many respects, and if Kaysers make a move, well, we usually consider that as a strong competitive concern, and we usually adopt the same price or something near it.

Q. The matter would not be in any hazy state in your mind, nine days after the meeting, would it? A. No, it might not be nine days after the meeting, but when you ask me now to remember all these details, I cannot remember them all now.

Q. When you use the phrase that there was an express agreement, in letters written within two weeks of that meeting, one might better rely on what you said then than on what you say now? You will agree with that? A. Oh, that is quite possible.

Q. Now in answer to a question which my friend put on Saturday, at Page 11330, reading:

"By Mr. Kellock: Q. Will you answer His Lordship's question?"

you said this:

"A. There was no agreement between the

"A. There was no agreement between the

you said this:

"By Mr. Mallook: Q. Will you answer

friend put on Saturday, at Page 11330, reading:

Q. Now in answer to a question which my

possible.

You will agree with that? A. Oh, that is quite

on what you said then than on what you say now?

two weeks of that meeting, one might better rely

an express agreement, in letters written within

the meeting, but when you ask me now to remember

all these details, I cannot remember them all now.

Q. When you use the phrase that there was

in your mind, nine days after the meeting, would

it? A. No, it might not be nine days after

Q. The matter would not be in any heavy state

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we usually consider that as a strong competitive

in many respects, and if Ayers made a move, well,

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sales tax in view at the time idea he was then selling

that he could not absorb the additional two per cent

comment that Crepe Hosiery was too low a price and

light on it. I remember that one member made the

the way the thing came up might perhaps throw some

You would call it a minimum price on crepe.

Gotham Company and ourselves independent of any other mills."

You would agree on that? A. Oh yes, I would agree on that, Mr. McRuer.

Q. Then Mr. Kellock asked you this question:

"By Mr. Kellock: Q. On and after the fifth of May of this year, there being no agreement which you had signed and sent to Mr. Hallam or even been asked to sign and send to Mr. Hallam, why were you writing to Mr. Hallam about Eagen's failure to charge a certain price?"

and you answered that question:

" A. There had been conversations and a further demand had been made to arrive at some sort of agreement and Mr. Hallam and certain members of the Association still had optimistic hopes that something might develop. We did not share that point of view, and I think just about this time the Gotham Company announced prices around the street that were a reduction on the prevailing price."

Q. Now, in the first place, from whom had come the demand to arrive at some sort of agreement? A. Well, using that word "demand" is, of course, to start with I think, perhaps, putting it too strong. It was a request.

Q. Well, from whom had come the request? A. We had discussions with Mr. E. G. Cole.

Q. Of what company? A. Of Belding-Corticelli.

Q. Yes? A. He came into the office and

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telephoned on various occasions.

Q. That would be before the meeting of the fifth of May. A. I cannot say as to that, Mr. McRuer.

Q. Well, you would not say there were discussions to arrive at some sort of an agreement after you had written a letter charging Mr. Hagan with selling under the Silk Association agreement that was in effect? A. Well, we had discussions from time to time. They carried along for a period of possibly two years. I cannot tell you the date, but I remember the conversation we had with Mr. John Hagan of the Gotham Hosiery Company.

Q. Yes? A. And with Mr. E. G. Cole, and I think Mr. Russell Weaver of the Butterfly Hosiery Company.

Q. Where did this take place? A. It took place in the Mount Royal, I think, one Sunday morning.

Q. Was Mr. Hallam there? A. No, he was not there.

Q. Any more at that meeting on Sunday morning. A. No, they were the only gentlemen I recall.

Q. Now you remember what took place and all the discussions, the substance of them, at that time? A. No, I could not remember the details.

Q. Well, what was the result? A. The idea at that meeting was to try and reconcile the viewpoints of the various groups. The Gotham

Company had always been looked on as failing to adhere, well, to the minimum price that had previously been in effect. Weaver represented the unbranded type of mill. Corticelli and ourselves represented the branded type of mill. It was a move made to try and exchange views and see if they could not reconcile their points of view in so far as merchandise and distribution and prices, and so on were concerned, and if it had come to anything they would have called a meeting of the Association and arrived at some agreement.

Q. Yes. Well, a meeting of the Association was called, and you did make a memorandum setting up minimum prices, following that meeting, effective for all unconfirmed orders. A. Well I do not know whether that meeting led up to the meeting of the fifth of May. That is something I cannot say. What I remember of the fundamental reason for the May fifth meeting was about the sales tax --

Q. Oh, you have told us all about the sales tax five or six times, but I am not concerned with the meeting about the sales tax at all. I am concerned with a memorandum you made afterwards which said "minimum prices" and set them out, and afterwards you charged one of your associates with violating that. Now I am trying to get out of you if I can, whether you have any recollection of how you arrived at these minimum prices. A. No, I have not. I do not remember. I cannot remember.

Q. You go on in this answer of yours

Company had always been looked on as trying to
adhere, well, to the minimum price that had pro-
viously been in effect. Weaver testified the
machine type or mill. Certainly any concerns
represented the branch type of mill. It was a
move made to try and exchange views and see if they
could not reconcile their points of view in so
far as merchandise and distribution and prices,
and so on were concerned, and if it had come to
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the Association and arrived at some agreement.

Q. Yes. Well, a meeting of the Association
was called, and you did make a memorandum setting
up minimum prices, following that meeting, effec-
tive for all unconfirmed orders. A. Well
I do not know whether that meeting led up to the
meeting of the fifth of May. That is something
I cannot say. But I remember of the fundamental
reason for the May fifth meeting was about the
sales tax --

Q. Oh, you have told us all about the sales
tax five or six times, but I am not concerned
with the meeting about the sales tax at all. I
which said "minimum prices" and set them out.
and afterwards you obeyed one of your associates
with violating that. Now I am trying to get
out of you if I can, whether you have any recol-
lection or how you arrived at these minimum prices.
A. No, I have not. I do not remember. I

Q. You go on in this answer of yours

on page 11330 of the evidence with this sort of statement:

" A. There have been conversations and a further demand has been made to arrive at some sort of agreement, and Mr. Hallam and certain members of the Association still had optimistic hopes that something might develop. We did not share this hope, and I think just about this time the Gotham Company announced prices around the street that were a reduction on the prevailing price."

Now are you suggesting, Mr. Cooke, that you are referring in that answer to the prices Gotham quoted to Holzman which was the subject matter of your complaint? A. No, these are entirely different prices, the prices that Gotham now have in effect.

Q. No, no. Are you suggesting in this answer that Gotham had quoted prices that were a reduction on the prevailing price, that you are referring there to the price that you complained about in your letter to Mr. Hallam?

A. No, there is no connection.

Q. All right, that is what I want to know. Well then, we can take it that your complaint to Holzman was a complaint that Gotham had been selling below ~~expired~~ the price that you thought had been agreed upon? A. That is correct.

Q. And as far as Gotham is concerned you have told me that you had no agreement with them independent of the other mills?

on page 1110 of the evidence with the work of
[illegible]:

" A. There have been conversations and
a further demand has been made to arrive at
certain members of the association still
has optimistic hopes that something
might develop. We did not share this hope,
and I think just about this time the Ontario
Company announced prices around the street
that we made a reduction on the prevailing
price."

Now are you suggesting, Mr. Cooke, that you are referring in that answer to the prices Ontario quoted to Holmes which was the subject matter of your complaint? A. Not these are entirely different prices, the prices that Ontario now have in effect.

Q. No, no. Are you suggesting in this answer that Ontario has quoted prices that were a reduction on the prevailing price, that you are referring there to the price that you complained about in your letter to Mr. Bellam?

A. No, there is no connection.

Q. All right, that is what I want to know. Well then, we can take it that your complaint to Holmes was a complaint that Ontario had been selling below ~~xxxxxx~~ the price that you thought had been agreed upon? A. That is correct.

Q. And so far as Ontario is concerned you have told me that you had no agreement with them whatsoever of the other kind?

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A. That is right.

BY MR. KELLOCK: Q. Just one question. Have you any recollection, Mr. Cooke, or anybody outside Gotham Company being the authority as to prices at that time? A. No, I do not recollect that.

WILLIAM M. BERRY. Recalled

BY MR. McRUER: Mr. Berry, you were present during the reading of the correspondence between Canadian Silk Products and Holzman, were you not? A. Yes.

Q. And you were present during the examination of Mr. Cooke? A. Yes.

Q. In the letter of May 16, 1936, Mr. Cooke states to ~~Mxxxxxxxxxx~~ Mr. Hallam:

> "Mr. Berry, of your local office, advised the writer that he had been in communication with Mr. John Hagan of the Gotham Hosiery Company, and Mr. Hagan told him definitely that they had not offered any hosiery under the Silk Association Agreement after it went into effect."

Do you recollect having a complaint from Mr. Cooke that Gotham Hosiery were underselling the prices set out in that agreement? A. Since this matter was first brought up I have been thinking it over, and I have not any recollection of that incident.

Q. Have you examined your files to see whether

you have written to the Gotham hosiery or not about the matter? A. That would be done by telephone, Mr. McRuer.

Q. Why not write a letter about it?

A. There is no reason why not, except that it is quicker to do it by telephone.

Q. Why did you need quick action on a thing like that? A. Possibly Mr. Cooke wanted a quick answer. I have no recollection of that incident.

Q. Have you examined your files to find out?

A. There is nothing on our files.

Q. There is nothing on your files? A. No.

Q. Had there been things removed from your files since this agreement started? A. No.

Q. Have you any knowledge of the files in Toronto? A. Yes.

Q. Have you any idea why the letter which is dated July 3 to Douglas Hallam would not be available in Toronto? A. I might say about that letter that Major Hallam never received it.

Q. How do you know he never received it?

THE COMMISSIONER: What is the date of that letter?

MR. McRUER: It is dated July 3, and addressed to Major Douglas Hallam, and the first paragraph reads:

> "We feel that some action should be taken immediately to stop the evasive practice of selling merchandise under the Association minimums under the guise of "run of mill" hosiery.

you have written to the Gotham Hosiery or not about the matter? A. That would be done by telephone, Mr. Coleman.

Q. Why not write a letter about it?

A. There is no reason why not, except that it is quicker to do it by telephone.

Q. Why did you need quick action on a thing like that? A. Possibly Mr. Cooke wanted a quick answer. I have no recollection of that incident.

Q. Have you examined your files to find out?

A. There is nothing on our files.

Q. There is nothing on your files? A. No.

Q. Had there been things removed from your files since this enforcement started? A. No.

Q. Have you any knowledge of the files in Toronto? A. Yes.

Q. Have you any idea why the letter which is dated July 5 to Douglas Hellam would not be available in Toronto? A. I might say about that letter that [illegible] I'll.

Q. How do you know he never received it?

MR. COLEMAN: What is the date of that letter?

MR. MONTGOMERY: It is dated July 5, and addressed to Major Douglas Hellam, and the first paragraph reads:

"We feel that some action should be taken immediately to stop the evasive practice of selling merchandise under the Association minimums under the guise of "run of mill" hosiery.

"Apparently this is being carried on now by several mills and they are offering prices in the vicinity of $4.75 plus the tax. The merchandise to all intents and purposes is first quality and a direct breach of the agreement which is now in existence."

THE COMMISSIONER: Who signed the letter?

MR. McRUER: It is from Canadian Silk Products Limited, to Major Douglas Hellam.

BY MR. McRUER: Q. You say, Mr. Berry, that Major Hallam did not receive it? A. Yes.

Q. Why do you say that? A. I received it.

Q. I am asking you is there any reason why the original of that letter should not be available A. I do not know whether it is or not.

Q. You know that in Toronto we were asking Mr. Hallam for all this correspondence in reference to these agreements, and for the hosiery agreements, and he a said he had none, that they had been drawn out, had gone, and so on. But if you received the letter it reached you anywey? A. Oh yes, that letter reached me.

Q. And when it reached you, did you do anything about it? A. Did I answer it?

Q. Yes? A. No, I did not answer the letter.

Q. Did you do anything about it? A. Not to my recollection, I did not.

Q. Well, where were you when you received the letter? A. I was in Toronto.

Q. In the Toronto office? A. Yes.

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by several mills and they are offering prices
in the vicinity of $4.75 plus the tax. The
merchandise to all intents and purposes is
first quality or a direct breach of the
agreement which it was in existence."

THE COMMISSIONER: Has signed the letter?

MR. NORMAN: It is from Canadian Silk Products Limited, Major Coupland Hellam.

BY MR. NORMAN: Q. You say, Mr. Berry, that Major Hellam did not receive it? A. Yes.

Q. Why do you say that? A. I received

I am asking you is there any reason why the original of that letter should not be available?

A. I do not know whether it is or not.

Q. You know that in Toronto we were asking Mr. Hellam for all this correspondence in reference to these agreements, and for the monthly agreements, and he said he had none, that they had been drawn out, had gone, and so on. But if you received the letter [illegible]? A. Yes, that letter resulted me.

Q. And when it reached you, did you do something about it? A. Did I answer it?

Q. Yes? A. No, I did not answer the letter.

Q. Did you do anything about it? A. Not to my recollection, I did not.

Q. Well, where were you when you received the letter?

A. I was in Toronto.

Q. In the Toronto office? A. Yes.

Q. The original of that letter, then, should be available in the Toronto Office? A. Except for the fact that we often do not keep letters of this sort. That letter to me did not make much impression because my understanding at that time was that there was no such thing as a minimum price in effect.

Q. Were you at the meeting of the fifth of May? A. No.

Q. If there was no such thing as a minimum price in effect would not you reply to Mr. Cooke immediately and say? "Why, what are you talking about, Mr. Cooke?" But the first paragraph of the letter of July 3, 1936, says:

> "We have endeavoured to get in touch with Mr. Berry to-day but have been informed by your local office that he will be in Toronto for some time."

A. Yes, I was in Toronto in the month of July.

Q. The prior letter of May 16, 1936, was addressed to Major Douglas Hallam, and it said:

> "Mr. Berry of your local office advised the writer that he had been in communication with Mr. JohnEagan of the Gotham Hosiery Company, and Mr. Eagan told him definitely that they had not offered any hosiery under the Silk Association agreement since it went into effect..."

Now, if Cooke was making a truthful statement to Hallam you knew there was an agreement in effect at that time? A. As I say, I have no recollection of that incident, and I am not able to say.

Q. The original of that letter, then, would be available in the Toronto Office? A. Except for the fact that we often do not keep letters of this sort. That letter to me did not make much impression because my understanding at that time was that there was no such thing as a minimum price in effect.

Q. Were you at the meeting of the 11th of May? A. I was.

Q. If there was no such thing as a minimum price in effect would not you reply to Mr. Cooke immediately and say? "Why, what are you talking about, Mr. Cooke?" But the first paragraph of the letter of July 3, 1926, says:

"We have endeavoured to get in touch with Mr. Berry to-day but have been informed by your local office that he will be in Toronto for some time."

A. Yes, I was in Toronto in the month of July.

[illegible] addressed to Major Douglas Hallam, and it says:

"Mr. Berry of your local office advised the writer that he had been in communication with Mr. Tomkagan of the Gotham Hosiery Company, and Mr. Hagan told him definitely that they had not offered any hosiery under the Silk Association agreement since it went into effect..."

Now, if Cooke was making a truthful statement to Hallam you knew there was an agreement in effect at that time? A. As I say, I have no recollection of that incident, and I am not able to say.

Q. Can you imagine this man would write such nonsense to Major Hallam if you had not make inquiries, and what were you making them for if there was no agreement? Now when did you last search your files to see if you had any correspondence with the Gotham people about it? A. I looked them up on Saturday morning.

Q. Did you look in your files on Saturday? A. Yes.

Q. Are you quite sure of that? A. Absolutely, yes.

Q. Well, we will probably follow this up a little further.

BY MR. KELLOCK: Q. You said, Mr. Berry, that you received that letter of July 3, addressed to Major Hallam in Toronto. Where was Major Hallam at that time? A. He was in England. Q. My friend has referred to the letter written by Mr. Cooke to Mr. Hallam of May 16, in which your name is mentioned, and it refers to some price agreement. Have you any knowledge whatever of any minimum price agreement relating to full fashioned hosiery in force? A. None whatever Q. You have none whatever? A. No.

Q. Did you ever hear of it before these letters were produced? A. To the best of my recollection, no.

BY MR. McRUER: Q. Do you suggest that Cooke when he wrote about that inquiry of the Gotham Company was just fabricating that? A. As I say, I think I have answered the question, I have no recollection of the incident, and I have no means of knowing whether Mr. Cooke is correctly

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ation nonsense to Major Mollam if you had not made
inquiries, and what were you making them for if there
was no agreement? Now when did you first consult
your files to see if you had any correspondence
with the Gotham people about it? A. I
looked them up on Saturday morning.

Q. Did you look in your files on Saturday?

A. Yes.

Q. Are you quite sure of that? A. Absolutely. Yes.

Q. Well, we will probably follow this up a little further.

Q. You were, Mr. Berry, that you received that letter of July 6, addressed to Major Mollam in Toronto. Where was Major Mollam at that time? A. He was in England.

Q. My friend has referred to the letter written by Mr. Cooke to Mr. Mollam of May 16, in which your name is mentioned, and it refers to some prior agreement. Now, you can remember whether or any minimum price agreement relating to full fashioned hosiery in force? A. None whatever

Q. You have none at hand?

[illegible]

recollection, no.

BY MR. McHUGH: Q. Do you suppose that Cooke when he wrote about that inquiry of the Gotham Company was just fabricating that?

A. As I say, I think I have answered the question. I have no recollection of the incident, and I have no means of knowing whether Mr. Cooke is correctly

quoting me, or reading into some information I have given him some meaning that I did not intend.

Q. It was customary to keep Minutes in the records of these agreements, was it? When there was a meeting of the Hosiery Section they would write down in the Minutes what they had agreed to in regard to price? A. These would be in a separate memorandum.

Q. They did not keep Minutes of it?
A. Quite right, they did not.

Q. You knew that Mr. Walton had been down to Mr. Hallam's office and made inquiries about the hosiery agreements? A. Yes.

Q. Do you think you were going to put it into an agreement, again in the face of the fact that Mr. Walton had made inquiries in regard to the hosiery agreements, that there would be any written memorandum at all? A. As far as I know that would have nothing to do with it, Mr. McRuer.

Q. It would not.

BY MR. KELLOCK: Q. Just one question. My friend has suggested, Mr. Berry, that if there had been some price agreement at this time any reason for not recording it either in the Minutes or in a formal agreement would be due to the fact that Mr. Walton was going around the country searching people's files. Was there any reason fro your standpoint why, if there had been any such agreement, it should not have been recorded?
A. No.

Q. Do you think you were going to put it into an agreement, again in the face of the fact that Mr. Melton had made inquiries in regard to the bakery agreements, that there would be any written memorandum at all?

A. As far as I know that would have nothing to do with it, Mr. Monroe.

Q. It won't not.

MR. [illegible]: [illegible] question.

My friend has suggested, Mr. Berry, that if there had been some price agreement at this time any reason for not recording it either in the Minutes or in a formal agreement would be due to the fact that Mr. Melton was going around the country [illegible]. Was there any reason for not recording it, if there had been any such agreement. It should not have been recorded?

A. No.

BY MR. McRUER: Q. Probably you can tell me something about the files in Toronto? Mr. Lundy swore that they signed a similar agreement in the Underwear Section as was in the Hosiery Section, and I filed a copy of it in Penmans. Can you tell where the original agreements with Major Hallam are now, with respect to the Underwear Section? A. No, I do not know. I think Major Hallam said to you, Mr. McRuer, that we continued to dispose of back material.

Q. You did not dispose of agreements that are in effect now, did you? A. No, if these agreements are still in effect we will not have disposed of them.

Q. Can you tell us where we can get them? Make inquiries and see if you can find out from Mr. Hallam where all the original agreements are. We have had copies of them in three or four different lines coming from the mills themselves.

MR. KELLOCK: That are still in force?

MR. McRUER: That have been in force.

MR. KELLOCK: That is different.

MR. McRUER: The different agreements were all there for hosiery when we happened to get them the first day we went in.

-- The Commission adjourned for a few minutes.

(Page 11550, follows)

ROBT. BRYDIE
REPORTER
TORONTO - CANADA

BY Mr. MORPHY: Q. Probably you can tell me something about the files in Toronto? Mr. Duffy swore that they signed a similar agreement in the Underwear Section as was in the Hosiery Section, and I filed a copy of it in Fredericton. Can you tell where the original agreements with Major Hallam are now, with respect to the Underwear? A. No, I do not know. I think Major Hallam said to you, Mr. Meluer, that we continued to dispose of their material.

Q. You did not dispose of agreements that are in effect now, did you? A. No, if these agreements are still in effect we will not have disposed of them.

Q. Can you tell us where we can get them? A. [illegible] are. We have had copies of them in three or four different lines coming from the mills themselves.

MR. KELLOCK: They are still in force?

MR. MORPHY: They have been in force.

MR. [illegible]

MR. MORPHY: The different agreements are al[illegible] for months [illegible] the first day we went in.

-- The Commission adjourned for a few minutes.

(Same appearances)

-- On resuming.

DR. A. C. DAWSON, recalled.

EXAMINED BY MR. McRUER: Q. Dr. Dawson, it has been disclosed to the accountant for the Commission since you gave evidence before that the Canadian Cottons Limited has what is called an inventory reserve amount-int to $2,277,208.81 that was not shown in the balance sheet ? A. Perhaps I could explain --

Q. Just to begin with, that is correct ? A. It may have been correct at that time, but I wanted to explain that our auditor, Mr. Brown who made up these reports -- unfortunately our auditor for years, Mr. S. C. Baker, was taken illlast Spring and was ill during all Summer and unfortunately died a few weeks ago, and so he called in Mr. Brown of Ritchie Brown & Company and handed, with the inquiry questionnaire that was given, handed him the books and the questionnaire and asked him to answer same. He has been working on the books ever since June, I think, and I asked him when the call came to me this morning to come down and appear. I thought possibly he might be able to give you information, that I could not possibly give because he has been in touch with this.

Q. Well, did you not know there was an inventory reserve of over $2,000,000.? A. There was at that time when we took our books -- when we made our state-ment at the end of March, when we closed our books the last time.

Q. You knew there was an inventory reserve ?

A. Yes.

Q. I questioned you about the writing down of your inventory after the last budget came down and you told me you wrote down your inventory because you were afraid that the conditions of trade would be such following that budget that you would make a loss on your inventory? A.That was in addition, we did not want to disturb --

Q. That was your answer at that time, was it not? A. Quite right, we did that. We took an additional reserve at that time.

Q. You did not call it an additional reserve; you did not disclose to this Commission that you had an inventory reserve, did you? A. We were not asked. We have had this reserve for 20 years. We have been building it up.

Q. I am coming to that. I am going to deal with your last balance sheet submitted to the public and that is submitted to this Commission as the balance sheet of this company. It shows on the balance sheet, inventory, raw cotton, manufactured stock and supplies valued in each case at cost or under and not above present market values, $1,729,602.30, and there is not a word in that balance sheet that you had an inventory reserve of more than the total value of your inventory shown in the balance sheet, is there? A. We have an undisclosed reserve.

Q. An undisclosed reserve; do you think it was fair to the shareholders of this company to publish a balance sheet that did not disclose $2,277,208 worth of assets? A. I certainly do.

ROBT. BRYDIE
CANADA

Q. I questioned you about the writing down of your inventory after the last budget came down and you told me you wrote down your inventory because you were afraid that the conditions of trade would be such following that budget that you would make a loss on your inventory? A. Not was in addition, we did not want to disturb --

Q. You have just explained at that time, was it not? A. Quite right, we did that. We took an additional reserve at that time.

Q. You did not call it an additional reserve; you did not disclose to this Commission that you had an inventory reserve, did you? A. We were not asked. We have had this reserve for 20 years. We have been building it up.

Q. I am coming to that. I am going to deal with your last balance sheet submitted to the public and that is submitted to this Commission as the balance sheet at this morning. It says on the balance sheet, Inventory, raw cotton, manufactured stock and supplies valued in each case at cost or under and not above present market values, $1,789,002.30, and there is not a word in that balance sheet that you had an inventory reserve of more than the total value of your inventory shown in the balance sheet, is there?

Q. You think it was quite fair to conceal from the shareholders the fact that the company had over $2,277,000 . worth of assets that belonged to the shareholders and the shareholders did not know about them ? A. It was not concealed. They knew if they attended any meetings--

Q. But how would a shareholder who got that balance sheet know? A. Of course, he would have to attend the meeting.

Q. Was it told at the meeting ?- A It was told time and again we had an undisclosed reserve. The amount we did not reveal because that was continuously changed and the reserve you might have to-day might not be the reserve you might have tomorrow . It was in the interest of the shareholders we were keeping that reserve there.

Q. When I was trying to get the profits this company had made over a period of years you did not tell me it had made $2,277,000. more profit than was disclosed in the profit and loss account, in the balance sheet, did you ? A. That profit was made many years ago. That was carried as a reserve. In other words our reserve was less when we closed our books on March 31st last than it had been some sixteen years ago.

Q. Then, let us just come to the 1935 statement and see whether what you say is true or not. When I look at the 1935 statement contained in Exhibit 340 there is a statement of the profit and loss for the year 1935 ? A. Yes.

Q. In that year the profit -- here is the language that is used. "Profits from operations after providing for bad debts and depreciation, $700,000., but before bond interest and government taxes $150,287.59". That is stated to be the profit for that year after making those provisions. You transferred to the inventory reserve that year $400,000, which shows a profit in the year ending March 31st, 1935 of $550,000. instead of $150,000.; that is correct, is it not ?

A. Mr. McRuer, Mr. Brown is here now and he has been through the books and perhaps he could answer that question better than I could. /

Q. You have certified to this balance sheet, it is marked "Approved A. O. Dawson".? A. I don't know about the changes that are made from year to year. I do know that is an inventory reserve we have. It has been decreased during these last sixteen years. I do know it was, in the last six months, reduced further still, perhaps to the extent of half a million dollars. As to the comparison of that particular statement with regard to the year before I cannot speak definitely , but Mr. Brown is here and he will answer you.

Q. Your profits that year amounted to $400,000. morethan was shown in the balance sheet, that is correct, is it not? A. I don't know that. I will have to have it compared with the previous year. I don't know how the inventory changed in that period. I do not attempt to keep this in my mind.

Q. Your inventory reserve increased by $400,000.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

-. In that year the profit -- here is the langue-
-e that is used. "Profits from operations after provi-
-ding for bad debts and dep-reciation, $800,000., but re-
-ore bond interest and Government taxes $150,259.59".
-hat is stated to be the profit for that year after
-king those provisions. You transferred to the inven-
-ory reserve that year $400,000, which shows a profit
-n the year ending March 31st, 1950 of $550,000. Mea-
-sured of $150,000.; that is correct, is it not ?

. Mr. Bolduc, Mr. Brown is here now and he has been
-hrough the books and perhaps he could answer that ques-
-ion better than I could.

-. You have certified to this balance sheet, it is
-arked "Approved .. C. Dawson".? -. I don't
do know that is an inventory reserve we have. It
has been decreased during these last sixteen years.
do know it was, in the last six months, reduced fur-
-ther still, perhaps to the extent of half a million
-nt with regard to the year before I cannot speak de-
-finitely , but Mr. Brown is here and he will answer
you.

-. Your profits that year amounted to $400,000.
-nothing was done by the Bolduc Board, that is cor-
-rect, is it not? - I don't know that. I will have to
say it remains with the previous year. I don't
-ow the inventory changed in that period. I do
-not attempt to keep this in my mind.

- Your inventory reserve increased to $400,000.

and the only way you could increase your inventory reserve would be out of your pfotis, wouldn't it?
A. I don't know that.

Q. How else could you increase the inventory reserve except out of the profits? A. The inventory reserve might be increased -- of course, the larger the stock was the larger the inventory reserve would be and when the stock goes down the inventory reserve naturally would decrease.

Q. Your inventory reserve at this time was more than the total amount of your inventory as shown in your balance sheet? A. It may have been.

Q. Well, I say to you do you think it is fair to the people of Canada that a company that has enjoyed the protection this company has had in the last five years should publish a balance sheet that does not show its true profits? A. I want to say, Mr. McRuer, in my opinion in the interests of the shareholders, in the interests of the employees, in the interests of the country as a whole it is wise for any business to keep itself strong and to keep a good reserve against the evil day.

Q. I have no objection to you keeping a reserve but I do have objection to you concealing it from the people, having a concealed reserve as you call it?
A. It is a very wise thing to have that undisclosed reserve because it is changing continuously. That is my opinion.

Q. Did you disclose that profit of $400,000.

ROBT. SHYDIE
CHARTERED STENOGRAPHIC REPORTERS
TORONTO - CANADA

and the only way you could increase your inventory reserve would be out of your profits, wouldn't it?

A. I don't know that.

Q. How else could you increase the inventory reserve except out of the profits? A. The inventory reserve might be increased -- of course, the larger the effect on the large the inventory amount would be and when the item goes the liability computer naturally would decrease.

Q. Your inventory reserve at this time was more than the total amount of your inventory as shown in your balance sheet? A. It may have been.

Q. Well, I say to you do you think it is fair to the people of Canada that a company that has employed the principles this company has used in the last five years should publish a balance sheet that does not show its true profits? A. I won't to say, Mr. McNaughton, in my opinion in the interests of the shareholders, in the interests of the employees, in the interests of the country as a whole it is the only way to operate by over a long period of time a good reserve against the evil day.

Q. I have no objection to you keeping a reserve but I do have objection to you concealing it from the public, saying - remember reserve is for bad day.

A. It is a very wise thing to have that undisclosed reserve because it is changing continuously. That is my opinion.

Q. But you disclose that profit of $800,000.

to the Income Tax Department ? A. The Income Tax Department takes care of itself in that when the reserves come into cash, into profits they get their full returns.

Q. There is $2,277,000. here that has not been disclosed then, we may take it, to the proper taxing authorities ? A. I think, my lord, if you will put Mr. Brown in the box; I asked him that very question, what effect this reserve had upon income tax return and he advised me that had these profits in inventory been put into the statement year by year that the company would have been better off than it is to-day. In other words, the government did not lose a copper by it.

BY THE COMMISSIONER: Q. The Government did not what ? A. That the Government made a profit by the way, the method the business was handled by keeping this reserve against losses, unforeseen losses. I might say, in one year alone, by way of showing the necessity and value of keeping an undisclosed reserve, because of the reduction in cotton in one year we lost, that inventory reserve went down by over a million dollars.

BY MR. McRUER: Q. All right, but other companies showed that as a loss, operating loss. Now, do you think it is fair to other companies that are taxed on their true operations that you should conceal from the Government what your true profits are and your true losses ? A. We cannot tell whether it is really a profit or not. It depends through the

ROBT. BRYDIS
TORONTO

years how your business fluctuates.

Q. You know the government expect you to show your real profits and what you actually transfer to reserve; you know that,do you not ? A. Well, I don't know.

Q. You don't know ? A. I know we tell them we have made a reserve from ye r to ye r and that in the main taking it over the years that the statements as submitted to them are correct, and certainly we have not thought at any time of taking any advantage over the government that we do not deserve. Our whole thought was to keep the company strong and to provide against unforeseen losses that always arise in any business, and I have known too many businesses that have been wrecked --

Q. By telling the truth as to their condition ? A. No, by not having a reserve that could be drawn on in times of distress.

Q. I am not quarrelling with your reserve to be drawn on in times of distress. Have all the reserves you want, but what I do quarrel with, Mr. Dawson, is that you should conceal from the shareholders the true assets of the company and that you shou d conceal from the government the true profits. I am concerned with the truthfulness of your statements, your balance sheets ? A. If the shareholders' interests were suffering by doing that sort of thing, or the government was suffering by it, that might be so, but they don't and my belief is that shareholders' interests are preserved as are the operatives' preserved by keeping a strong balance and what you might call an undisclosed reserve.

Q. You know the Government expect you to show your real profits and what you notually to refer to reserve; you know that,do you not ? A. Well, I don't know.

Q. You don't know ? A. I know we tell them we have made a reserve from year to year and that in the main taking it over the years that the statements as submitted to them are correct, and certainly we have not thought at any time of taking any advantage over the Government that we do not deserve. Our whole thought was to keep the company strong and to provide against unforeseen losses that always arise in any business, and I have known too many businesses that have been wrecked --

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Q. I am not quarrelling with your reserve to be drawn on in times of distress. Have all the reserves you want, but what I do quarrel with, Mr. Dawson, is that you should conceal from the shareholders the true profits of the company and that you show a conceal from the Government the true profits. I am concerned with

The banks all have it.

Q. I am not investigating the banks at the moment, I am only investigating your company. Do you suggest that there are practices in the banks of keeping undisclosed reserves and undisclosed profits hidden away ? A They always do.

Q. They do not disclose them to the Government; you say that ? A. No, not to the government. They are not always to their benefit in the balance sheet.

Q. Well, there may be some practices in the banks which require looking into. A. Unforseen losses.

Q. Now, look ,Dr. Dawson, suppose I am a shareholder of this company and I pick up your balance sheet which comes to me through the mail. I see that last year the company is said to have made a profit of $150,000. ? A. Yes.

Q. And I am worried about this stock, it is not doing as well in these times of high tariff as I had expected it would and I am going to sell it. Do you think my mind would have been influenced if I had known the profit was 550,000. in that year's operation, talking about being fair to the shareholders ?
A. All I can say is, and I have never had any criticism in that respect except that I had a call the other day from a Toronto gentleman who is a shareholder and who wanted to commend us for the conservative way we made our statements.

Q. Probably he had been buying the stock from the people that did not know about the profits ? A. Perhaps

The banks all have it.

I am not investigating the banks at the moment, I am only investigating your company. Do you necessarily have hidden reserves in buildings if they undisclosed reserves and undisclosed profits hidden away? A. They always do.

They do not disclose them to the Government; you say that? A. No, not to the government. They are not always to their benefit in the balance sheet.

Well, there may be some practices in the banks which require looking into. A. Unforseen losses.

Now, look, Dr. Dawson, suppose I am a shareholder of this company and I read in Part Balance sheet which comes to me through the mail. I see that last year the company is said to have made a profit of $350,000.? A. Yes.

And I am worried about this stock, it is not doing as well in these times of high tariff as I had expected it would and I am going to sell it. Do you think my mind would have been influenced if I had known the profit was $350,000. in that year's operation, talking about being fair to the shareholders?

A. All I can say is, and I have never had any criticism in that respect except that I had a call the other day from a Toronto gentleman who is a shareholder and who wanted to proceed me for the conservative way we have dealt with things.

he did.

Q. He would feel very satisfied then. Did you ever read of the case in England by the name of Rex vs Kilsant in which it is stated in that case that a balance sheet is just as false for what it does not disclose or what it ought to disclose as it may be for disclosing things untruthful.

MR. KELLOCK: We haven't the same statute law here.

MR. McNEER: It isn't a case of statute law at all. It is a question of the ordinary common law of the country ? A. I would ask my_self the question were the people being benefited by the company being operated in a conservative way.

Q. Might I take it that you will agree with me that your balance sheets have not shown the true profits of the company ? A. I would not say that. I think they have shown a conservative profit and as for the undisclosed reserve, I think it is for the benefit of all concerned, and therefore I am perfectly willing to face my shareholders, my operatives and the public generally and tell them the whole facts of the case.

Q. Why didn't you do it in your balance sheets ? A. Because it was not wise.

Q. Why wasn't it wise ? A .Because it is changing nearly every day, it is a changing story every day.

Q. You are a director of the Dominion Textile Company ? A. No, I have nothing to do with the Dominion Textile Company, never owned a share of the

Q. You are a director of the Dominion Textile Company ? A. No, I have nothing to do with the

day.

Q. Why wasn't it wise ? A. Because it is

. Because it was not wise.

. Why didn't you do it in your balance sheets ?

public generally and tell them the whole facts of the

for the undisclosed reserve, I think it is for the

I think they have shown a conservative profit and as

lity of the company ? A. I would not say that.

. Might I take it that you will agree with me

conservative way.

It is a question of the ordinary common law of the coun-

try ? A. I would ask my_self the question were the

Mr. MULLOCK: It hasn't the same statute law here.

Mr. MONK: It isn't a case of statute law at all.

company in my life.

Q. You are also president of Belding-Corticelli? A. Yes.

Q. Has Belding-Corticelli got a secret reserve ? A. They have an inventory reserve whether you call it secret or not.

Q. Oh, they have; how much is their inventory reserve ? A. I cannot recall, I know it is quite a substantial amount.

Q. You are president of the Dominion Woollens & Worsteds? A. Yes.

Q. Has it got a secret inventory reserve ? A. I am sorry, they never could afford it. They never have been able to build up a reserve much to my regret.

Q. What other textile companies are you a director of or an officer of ? A. Not any other that I can recall at the moment.

Q. You are not in Paton's ? A. No.

Q. Well now, we have asked for a complete statement of this inventory reserve from its inception. Have you got that with you ? A. Mr. Brown is here --

Q. I don't want you to put this off onto Mr. Brown. You have certified to these balance sheets ? A. I have got to refer to him.

Q. I will let you get the information from Mr. Brown but you have certified to the balance sheets. It is not Mr. Brown, and you have got to take the responsibility of their truthfulness or otherwise.

MR. BELLOCK: I am instructed Mr. Howson has the document you are asking for.

company is my life.

Q. You are also president of Holding-Corticelli?

A. Yes.

Q. Has Holding-Corticelli got a secret reserve?

A. They have an inventory reserve whether you call it

Yesterday

Q. Has it got a secret inventory reserve? A. I am sorry, they never do it afford it. They never have been able to build up a reserve much to my regret.

Q. What other textile companies are you a director

A. I have got to look it up.

Q. Brown but you have certified to the balance sheets.

It is not Mr. Brown, and you have got to take the responsibility of their truthfulness or otherwise.

MR. KELLOCK: I am instructed Mr. Howson has the document you are asking for.

MR. McRUER: I have not been able to see Mr. Howson. You have got copies of them. Let me have them please, and we will proceed with it.

MR. BROWN: I have got what was sent up and I have just added on two or three years at the start.

MR. McRUER: I have a copy of what was sent up, but I have not got the first years.

MR. BROWN: If you give me your sheet I will add them on.

MR. McRUER: Now, from the statement that has been furnished to me the inventory reserves amounted to over two million dollars in the year 1920.

THE COMMISSIONER: What year?

MR. McRUER: At the end of the year 1920. A. If the figures reveal that, I haven't them in my mind.

Q. Well now, your accountant has just given me the details of this reserve. This is the balance, is it, Mr. Brown, at the credit of the reserve at each year?

MR. BROWN: Yes, the fiscal year.

MR. McRUER: Each fiscal year, and it commences in 1916, $379,139.83. In 1917 $823,533.44. 1918, $1,301,061.14. 1919 $1,590,852.16. 1920, $2,312,767.5 1921, $690,307.57. That is when you said you made the big loss on inventory? A. Yes.

Q. We have had that from other companies as well. 1922, $891,831.94. 1923, $1,368,424,95. 1924, $1,265,863.69. 1925, $1,429,960.88. 1926, $2,506,128.1 Apparently between the years 1925 and 1926 you added $1,100,000 to the inventory reserve? A. Yes, built up our reserve.

MR. MORGAN: I have not been able to see Mr. Dawson. You have got copies of them. Let me have them please, and we will proceed with it.

MR. [illegible]: I have not got what was sent up and I have just called on two or three years at the start.

MR. MORGAN: I have a copy of what was sent up, but I have not got the first years.

MR. BROWN: If you give me your sheet I will add them on.

MR. MORGAN: Now, from the statement that has been two million dollars in the year 1920.

MR. MORGAN: At the end of the year 1920. A. If the figures reveal that, I haven't them in my mind.

Q. Well now, your accountant has just given me the [illegible] or more reserve. What is the balance, in it, Brown, at the credit of the reserve at each year? A. The fiscal year.

Q. [illegible] each fiscal year, and it [illegible] 1919, 1920, 1921, 1922, 1923, 1924 [illegible] 1925, 1926, 1927. That is when you said you made [illegible] A. Yes.

Q. We have had that from other [illegible] 1925, $1,463,440.00. [illegible] $1,865,865.00. 1926, $1,455,440.00. [illegible] $1,865,865.00. Approximately between the years 1921 and 1926 the reserve [illegible] $1,700,000 as the investors required? A. Yes, quite [illegible]

Just let us see what you reported to the public as the profits for that year, that is, the year ending the 31st of March, 1926. Now, according to the Exhibit 340 the statement to the public is as follows: Profit and Loss Account, by net manufacturing profits $550,058.21. Interest on investments, $92,622.77. The debits to the profit and loss account are to bond interest on net amount outstanding $154,924.32. Four dividends of 1 1/2 per cent each on preferred shares, $219,690. Fourdividends of 2 per cent each on tje common shares $217,240. Bad debts $23,697.70, and the modest balance carried forward of $27,128.96 and added to surplus account, and, as a matter of fact, you had in addition profit of $1,100,000. Now, how do you justify publishing such a statement to the public and to the government ? A. That would vary according to the value of the stock on hand. You see, we took our cotton -- I don't know about that particular year, but we saw, andthe reason we built this reserve up was because of the variations in the raw cotton. In 1920, I just have a note of it, spot cotton sold at 43.75 a pound. That is in July, 1920 and in June, 1921 spot cotton sold at 11 cents so there was a drop of 32.75 a pound in one year.

Q. That was all taken care of. Then you got a rise in raw cotton, I expect, in 1925 and 1926 and that put it back --

MR. KELLOCK: Just let the witness finish, please.

MR. McRUER: Just a moment. I am at this statement, if you don't mind. You can make any general

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CHARTERED STENOGRAPHIC
REPORTER
TORONTO - CANADA

ending the 31st of March, 1928. Now, according to the Exhibit 340 the statement to the public is as follows:

$350,038.81. Interest on investments, $92,382.77.

The debits to the profit and Loss account are to bond interest on net amount outstanding $154,924.32. Your dividends of 1 1/2 per cent each on preferred shares, $219,860. Your dividends of 2 per cent each on the common shares $217,240. Bad debts $38,697.70, and the modest balance carried forward of $27,188.00 and added to surplus account, and, as a matter of fact, you had in addition profit of $1,100,000. Now, how do you justify publishing such a statement to the public and to the government ? A. That would very

[illegible]

[illegible]

[illegible]

statement you like afterwards. Now, coming to this statement I am going to read what you said to the shareholders at this eventful year.

"Your Directors herewith present the Sixteenth Annula Report of your Company for the year ending March 31st, 1926.

"The improvement in business noted in the latter part of the fiscal year 1924-25 continued through the year 1925-26, resulting in sales of $9,606,641.01 as compared with $8,549,897.97 for the previous year.

"These sales practically correspond with those of the year 1923-24, showing a return of conditions prevailing during that period.

"The year's transactions has permitted the addition of $27,128.96 to the credit of Profit and Loss Account, which now totals $2,709,795.03.

"The profits of the year provided the usual amount for depreciation, but were not sufficient to cover the $200,000. short on the previous year's operations."

That is, your profits this year had not been enough to cover the depreciation of $200,000. on the previous year's operations. You had gone short the previous year on depreciation and you had not enough this year to make it up ? A. On the basis of the stock taking and reserve.

Q. Yes, I know on the basis of what you had but I am talking about what you said to the shareholders? A. It was consistent throughout the years taking

statement you like afterwards. Now, coming to this statement I am going to read what you said to the shareholders at this eventful year.

"Your Directors herewith present the Sixteenth Report 31st. 1930.

" The improvement in business noted in the latter part of the fiscal year 1924-25 continued through the year 1925-26, resulting in sales of $9,506,641.01 as compared with $8,319,087.97 for the previous year.

of the year 1925-26, showing a return of consolidated

"The year's transactions has permitted the and Loss account, which now totals $2,703,705.08.

"The profits of the year provided the usual amount for depreciation, but were not sufficient to cover the $300,000. short on the previous year's operations."

That is, your profits this year had not been enough to cover the depreciation of $300,000. on the previous year's operations. You had gone short the previous

to make it up ? A. On the basis of the stock taking and reserve.

Yes, I know on the basis of what you had bu

cotton at a low price to provide for possible drops which do occur from time to time.

Q. We will go on with the rest of what you said to the shareholders, and this goes out to the public and for considering revisions of tariff and so on. As a matter of fact there was an application before the Tariff Board the year following this for a reduction on tariff on cotton.

"The working capital of the Company is now ample for the needs of the business, and borrowing is only resorted to during the season of cotton buying.

"It is difficult to forecast the year 1926-27. Raw cotton is low in price, but goods in both England and the United States are selling below the parity of cotton. In the Southern States this is particularly so at the present time. The desire for business appears to have precipitated a price war, which is causing great concern to the mills involved.

"Unfortunately your Company has to meet these cut prices or cease operations, the latter course being quite as serious as the selling of goods at or below cost.

"The Canadian Dumping Clause of the Tariff ought to operate in cases of this nature, but under existing regulations little is being done to assess a proper valuation for customs duties on such goods.

"For the present there appears little likeli-

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option at a low price to provide for possible dumping do occur from time to time.

"We will go on with the rest of what you said to the shareholders, and then pass out to the public and for considering revisions of tariff and so on. As a matter of fact there was an application before the Tariff Board the year following this for a reduction on benefit on cotton.

"The voluntary co-operation of the Government in ample for the needs of the business, and borrowing is only resorted to during the season of cotton buying.

"It is difficult to forecast the year 1929-30 how cotton is low in price, but goods in both England and the United States are selling below the parity of cotton. In the Dominion Canada the is particularly so at the present time. The desire for business appears to have precipitated a price war, which is causing great concern to the mills [illegible].

"Unfortunately Your Company has to meet these cut prices or cease operations, the latter course being quite as serious as the selling of goods at or below cost.

"The Commission Dumping Clause of the Tariff ought to operate in cases of this nature, but under existing regulations little is being done to assess a proper valuation for customs duties on [illegible] goods.

"For the present there [illegible]

hood of your Mills being able to operate full time.

"A hopeful phase of the situation is that stocks throughout the country are low, and if business comfidence can be maintained, we believe that the year before us may be made as successful as the year which has just closed.

"The Books and Accounts of the Company have been duly audited, and the Auditor's Report is submitted herewith."

Well, I must be fair to you, Dr. Dawson. Those are the words of Charles R. Hosmer, the president, but you and Mr. Hosmer are those that certified as to the correctness of the balance sheet ? A. Yes.

Q. Now, do you think that dismal tale was a fair one to put out to the shareholders when your profits had been $1,100,000. more than is disclosed in the balance sheet ? A. It depends; if we changed our basis of value from year to year on the inventory you might say so but on the basis we were taking our inventory, the conservative basis of keeping cotton where it ought to be or where it might go to, no. For instance, I have a record here of June 10th, 1932 showing that cotton, July cotton sold at 4.91 cents. Now, if you get a variation from less than 5 cents to over 43 cents in a concern that does not keep a reserve, call it hidden if you like, a reserve they can draw on in times of distress and times of drop then, of course, I think that concern is very badly run.

"A hopeful phase of the situation is that
people throughout the country are low, and if
business confidence can be maintained, we believe
that the year before us may be made as success-
ful as the year which has just closed.

"The Books and Accounts of the Company have
been duly audited, and the auditor's report is
submitted herewith."

The words of Charles H. Bowser, the president, but you
and Mr. Bowser are those that certified as to the
correctness of the balance sheet ? A. Yes.

Q. Now, do you think that Grand Tele was a fair
one to put out to the shareholders when your profits
had been $1,300,000. more than is disclosed in the
balance sheet ? A. It depends; if we changed our
basis of value from year to year on the inventory you
might say so but on the basis we were taking our in-
ventory, the conservative basis of keeping cotton
where it ought to be or where it might go to, no. For
instance, I have a record here of June 10th, 1922
showing that cotton, July cotton sold at 24.81 cents.
Now, if you get a variation from less than 5 cents to
over 45 cents in a concern that does not keep a re-
serve, call it hidden if you like, a reserve they can
draw on in times of distress and times of drop then,
of course, I think that concern is very badly run.

Q. All right, I am not quarrelling with that. There is no need to reiterate that, but the question is why hide it ? A. It isn't hiding it. It is for the benefit of all concerned.

Q. I am saying why hide it from the public and the government and the taxing authorities and everybody. A. Isn't it very much better, Mr. McRuer, to have -- call it a hidden reserve -- that you can draw on from time to time and keep your wages even and regular and keep your dividends regular rather than making it 15 per cent one year and nothing the next.

Q. If you had disclosed that you made $1,500,000. profits in the fiscal year ending the 31st March, 1926, to the government do you think it would not have affected the tariff application that was before the Tariff Board in 1927 ? A. If it did it might have been very had for the industry and the country too. Stability is the thing we are after.

Q. You think that people are not entitled to the truth, that you must judge whether it is wise for them to have the truth or not ? A. I think if you are systematic in your statements, in making your financial statements on a conservative basis, and on the same basis from year to year throughout the years, I think that is fair to everybody.

Q. Do you think that justifies making a false statement ? A. I would not call it a false statement.

Q. Do you think that it is not a false statement

Q. All right, I am not quarrelling with that. There is no need to reiterate that, but the question is why hide it ? A. It isn't hiding it. It is for the benefit of all shareholders.

Q. I am asking why hide it from the public and the government and the taxing authorities and everybody. A. Isn't it very much better, Mr. Molmer, to have -- call it a hidden reserve -- that you can draw on from time to time and keep your wages even and rather and keep your dividends regular rather than making it 15 per cent one year and nothing the next.

Q. If you had disclosed that you made $1,800,000. profits in the fiscal year ending the 31st March, 1928, to the government do you think it would not have affected the tariff application that was before the Tariff Board in 1927 ? A. If it did it might have been very bad for the industry and the country too. Stability is the thing we are after.

Q. You think that people are not entitled to the truth, that you must judge whether it is wise for them to have the truth or not ? A. I think if you are systematic in your statements, in making your financial statements on a conservative basis, and on the same basis from year to year throughout the years, I think that is fair to everybody.

Q. Do you think that justifies making a false statement ? A. I would not call it a false statement.

Q. Do you think that it is not a false statement ?

that it does truthfully disclose the condition of the company ? A. I don't know what it may be. It varies from time to time. Supposing we lost a million dollars the next year ?

Q. Well, -- A. Do you think that is good for the country or for the operatives ?

Q. Have you any other hidden reserves and real estate values or anything like that that we don't know about now ? A. We may have, I don't know. We take the cost of our plant, and machinery and buildings at what they originally cost us and then we build up the reserve to reduce that to what we think is fair.

Q. Now, I am going to take you through the four years or five years in which this reserve grew from nothing to $2,312,000., and it is fair to say they were war years and the years immediately afterwards; that is correct ? A. Yes.

Q. How did this company get along without having a hidden reserve before the war ? A. It did not do very well, if you will read some of the old statements.

Q. We are going to have the auditor survey your statements from the beginning and we will see about that ? A. That was the reason in 1910 that I was drawn into the management because the bank was not satisfied with the way things were going and asked me to come in and see if I could straighten things out .

Q. I think the bank must feel very indebted to you. You have evidently done very well ? A. I hope

they do.

Q. Well, you were connected with the company in 1916 ? A. Yes.

Q. You knew that there was a Special War Revenue Act passed in 1916; that was the date of it, wasn't it ? A. Well, I don't know, I presume it was.

Q. You knew the Act went into effect at that time ? A. If you say there was, I am sure it was.

Q. And the Special War Revenue Act was for the purpose of putting higher taxation on those that were making large profits during the war. That was the purpose of it, wasn't it ? A. I presume so.

Q. Now, were the reserves that were built up in a period of five years from nothing to $2,312,000. disclosed to the proper taxing authorities who would levy the Special War Revenue against them ? A. Well, the books were examined by the representatives of the Government.

Q. I am not saying that; they might examine your books and never find this ? A. No, they certainly could find it.

MR. KELLOCK: If they did not look they might not find it.

BY MR. Mc RUER: Q. It would take some difficulty in the examination of the books just to find it unless they sent in a special auditor who had some inkling of it to check it up ; that is right, isn't it ? A. That is what the Government appointed the men for and certainly the books were handed to them. There was nothing concealed.

May 20.

Q. Well, you were connected with the company in 1918 ? A. Yes.

Q. You knew that there was a Special War Revenue Act passed in 1915; that was the date of it, wasn't it ?

A. Well, I don't know, I presume it was.

Q. You knew the Act went into effect at that time ?

A. If you say there was, I am sure it was.

Q. And the Special War Revenue Act was for the purpose of putting higher taxation on those that were making large profits during the war. That was the purpose of it, wasn't it ? A. I presume so.

Q. Now, were the reserves that were built up in a period of five years from nothing to $2,312,000. directed to the proper taxing authorities who would levy the Special War Revenue against them ? A. Well, the books were examined by the representatives of the Government.

Q. I am not saying that; they might examine your books and never find this ? A. No, they certainly could find it.

MR. KERLOCK: If they did not look they might not find it.

BY MR. MC KEEN: Q. It would take some difficulty in the examination of the books just to find it unless they were in a special auditor who had some inkling of it to check it up ; that is right, isn't it ? A. That is what the Government appointed the men for and certainly the books were handed to them. There was nothing concealed.

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
ORONTO - CANADA

Q. You say you think you can hand your annual statements to the government and say "there you are; now, there is the condition of the company. You may go and look at our books and if you find we are not telling the truth all right and if you don't find we are not telling t e truth that is all to the good." Is that your attitude to the government officials ?

A. We say we are telling the truth.

Q. All right, we will see how far you told the truth in the year 1916. I will read what Mr. Hosmer said to the shareholders.

"Your Directors are pleased to submit their Sixth Annual Report for the Financial year ending March 31st, 1916.

"A year ago your Directors stated that the outlook was encouraging. The results obtained have fully justified their anticipations, and they confidently believe that the coming year will also be a prosperous one.

"The additional equipment installed during the past three or four years placed the Company in a position to avail itself of the increased demand that has arisen for its products. Sales for the year amount to $5,540,214.92, as against $3,321,160.79 for the previous year.

"Advances in selling prices, necessitated by increased cost of materials and of manufacturing, have only been put into effect where absolutely unavoidable. This policy has been appreciated by the Trade, from whom we have received many expressions of satisfaction."

Q. You say you think you can hand your answer
statements to the Government and say "there you are;
now, there is the condition of the company. You may
go and look at our books and if your fund we are not
telling the truth all right and if you don't find we
are not telling the truth that is all to the good."
Is that your attitude to the Government officials?

A. We say we are telling the truth.

Q. All right, we will see how far you hold the
truth in the year 1916. I will read what Mr. Hosmer
said to the shareholders:

"Your Directors are pleased to submit their
[illegible]

[illegible]

look was encouraging. The results obtained have
fully justified their anticipations, and they confi-
dently believe that the coming year will also
[illegible]

past three or four years placed the Company in
that fine annex for its premises. Also for the
[illegible] $5,321,130.72 for the previous year.

have only been put into effect where absolutely
the Trade, from whom we have received many ex-
[illegible] of satisfaction."

You go on about dyestuffs. Then, we come to

"Your Plants and Properties have been maintained in a state of efficiency, and after making adequate allowance for depreciation, the Manufacturing Profits and Rentals amount to $716,548.73, as against $573,877.89 last year.

"After deducting Bond Interest, Dividend on Preferred Shares, and $10,000.00 carried to Reserve for bad debts, there remains at the credit of Profit and Loss Account the sum of $277,158.73 (against $133,937.89 last year), which added to the balance of last year $1,103,163.76, leaves $1,380,322.49 to the credit of that account on 31st March, 1916."

(Page 11370 follows)

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO — CANADA

ROBT. BRYDIE
CHARTERED STENOGRAPHIC
REPORTER
ORONTO - CANADA

There is not a breath of anything there about you having $379,000 worth more property than is disclosed. You have a profit and loss which shows the net manufacturing profit to be $515,000. That is not true, is it? Your net manufacturing profit was $379,000 greater. A. Only if you take the cotton at a different basis than what we take it. We always took it in at a lower rate to take care of the differences in price that prevailed during the year. A profit that may be $300,000 at the beginning of the year, if you do not have that reserve, might be a $300,000 loss at the end of the year.

Q. That may be, if you say so, but I am talking of what you show. Here is your balance sheet:

Inventory	
Cloth	$312,692.68
Process and yarns	251,060.90
Raw cotton	470,030.12
Supplies	144,394.84
Insurance unearned	44,500.00
	$1,222,680.54

Not a word about a reserve or writing down. You say that that is what the inventory is. A. On the basis on which it was taken.

Q. Then I want to go to the next year when you had about $450,000. The balance was $82[illegible],000 I just put this to you. Don't you think, particularly during a year when this country was engaged in war and men were sacrificing their lives, a country that was making large profits out of the war should have truthfully disclosed to the government

the profits they were making?

MR. KELLOCK: You have not shown they did not.

THE WITNESS: The whole question is whether a company has no right to keep any reserve, that they have to disclose the last cent that they made during the year, and I say that if you do not keep reserves for the business --

MR. McRUER: I say that the law demands a company to truthfully disclose its profit, and if they want to set up reserves set them out as reserves, so that people may know what is the truth.

MR. KELLOCK: That is what you say.

MR. McRUER: I want to see any decision of any court that in making out our income tax returns we can put away reserves against ill health, accidents and this and that, and say that that may be a good thing for the government, that we will have to pay income tax on it to the government later on.

MR. KELLOCK: You are saying all this.

BY MR. McRUER: Q. I have asked several times if it was disclosed to the government, and I want to know if it was disclosed to the government.

MR. KELLOCK: Do not assume it before it is proved.

MR. McRUER: It was not disclosed to the public nor to the shareholders.

BY MR. McRUER: Q. Will you tell me whether you did pay income tax on the true profits of the company and war revenue tax on the true profits of the company in those years. A. It would be paid on the result shown by the balance sheet.

MR. MORDEN: You have not shown they did not.

THE WITNESS: The whole question is whether a company has no right to keep any reserve, that they have to disclose the last cent that they made during the year, and I say that if you do not keep reserves for the business --

MR. MORDEN: I say that the law demands a company to truthfully disclose its profit, and if they want to set up reserves let them put up reserves, so that people may know what is the truth.

MR. KELLOCK: That is what you say.

MR. MORDEN: I want to see any decision of any court that in making out our income tax returns we can put away reserves against ill health, accidents and this and that, and say that they may be a good thing for the government, that we will have to pay income tax on it to the government later on.

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BY MR. MORDEN: Q. Will you tell me whether you did pay income tax on the true profits of the company and war revenue tax on the true profits of the company in those years. A. It would be paid on the result shown by the balance sheet.

Q. There is no question about what you suggest. You have paid on the result shown by the balance sheet, and not on the true profit as shown in the book. A. That is one way of putting it, Mr. McRuer, but if you were running a business you would run it in a Conservative way so that it would be in the interests of the government, in the interests of the people, of your shareholders and of the operatives.

Q. I will tell you that I would never put in an income tax return that I knew was not truthful. I would set forth the profit and the income I had made. A. No one can put it in with cotton at 42 cents a pound at one time, and next year it may be 5 cents. It is not true to call that 42 cents when it ought to be 10 cents.

Q. Do you suggest that all these textile companies are entitled to hide away reserves and not pay profits tax on them from year to year? A. I hope they keep a reserve that they can draw. There is a concern down in New Hampshire that has just closed and turned out 13,000 men because they had no reserves that they could draw on.

Q. Why conceal it? If it is a good and beneficial thing for the country and for the shareholders and the government, why conceal it such a good thing? A. If you did not have a reserve then in one year you would pay to the operatives more than they were entitled to, and in another year you would not be able to pay them. It is in their interests that you should keep up your reserve and so that you can keep up your dividends.

Q. There is no question about what you suggest. You have paid on the result shown by the balance sheet, and not on the true profit as shown in the book. A. That is one way of putting it, Mr. Power, but if you were running a business you could run it in a conservative way so that it would be in the interests of the government, in the interests of the people, of your shareholders and of the operatives.

Q. I will tell you that I would never put in an income tax return that I knew was not truthful. I would set forth the profit and the income I had made. A. No one can put it in with cotton at 40 cents a pound at one time, and next year it may be 9 cents. It is not time to sell that 40 cents when it ought to be 10 cents.

Q. Do you suggest that all these textile companies are entitled to hide away reserves and not pay profits tax on them from year to year?

A. I hope they keep a reserve that they can draw. The e is a concern down in New Hampshire that has just closed and turned out 15,000 men because they had no reserves that they could draw on.

Q. Why opposed it? If it is a good and beneficial ding for the country and for the employees and the government, why opposed it such a good thing? A. If you did not have a reserve then in one year you would pay to the operatives more than they were entitled to, and in another year you would not be able to pay them. It is in their interests that you should keep up

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THE COMMISSIONER: I wish you would stop talking at cross purposes. The question is not whether you should have a reserve. The simple question is, Why not publish the reserve, make it known.

THE WITNESS: My lord, that was the system we have been following ever since I came into the business, and we deem it the wise thing to do. It would be a very bad thing for the country as a whole and for our shareholders and the company if it appeared that one year we had made $1,500,000 because we had bought cotton right, and the next year announced that we had a loss of $1,000,000, and therefore have to reduce wages and cut out dividends.

BY THE COMMISSIONER: Q. Did you keep on reducing wages and cutting dividends? A. No.

Q. No, because you were wise enough to have this reserve. But the question at the moment is not as to the wisdom of having this reserve. The question is a much simpler one than that. It is: Why not make it known? A. We thought, wisely or unwisely, that that was the wise thing to do.

Q. Not to let the government know?

A. It was available to the government. The books were inspected regularly, and we took our inventory on the same basis each year.

Q. You have said just now that the taxes to the government were paid on the basis of these statements which did not disclose these profits hidden away in these reserves. A. But the inventory was taken in a uniform way. We

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THE CHAIRMAN: I wish you would stop talking at cross purposes. The question is not whether you should have a reserve. The simple question is, Why not publish the reserve, make it known.

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BY THE CHAIRMAN: Q. Did you keep on

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A. It was available to the government. The books were inspected regularly, and we took our inventory on the same basis each year.

Q. You have said just now that the taxes to the government were paid on the basis of these statements which did not disclose these profits hidden away in these reserves. A. But

take our list price, our selling price, and then we take an arbitray discount off the selling price and take an inventory on that basis. As the inventory went up our hidden reserve increased. As the inventory went down it was revealed. For instance in the last six months --

BY MR. McRUER: Q. It was revealed?
A. It was revealed in the profits.

Q. You do not sugvest that this reserve was ever revealed? A. It is revealed because it comes into cash and goes into profits. For instance on the 30th of September when we took our list, I think our reserve inventory went down nearly half a million dollars. It depends upon the fluctuation of your inventory statement, your reserves in the inventory.

Q. Doctor Dawson, I am going to put this question to you. Do you not now acknowledge that you owe to the government the war revenue tax on those profits that were made during the years that the Special War Revenue Act was in force? A. I do not.

Q. You do not think that you ought to pay the government the war revenue tax that would be payable to the government on the basis of the profits you actually made in those war years?
A. I say that if we paid the government and revealed our hidden reserve, as you may call it, our reserve inventory, the government would have lost money from us today and would have received less taxation than they have received.

Q. The income tax is one thing, the Special

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Q. You do not think that you ought to pay the government the war revenue tax that would be payable to the government on the basis of the profits you actually made in those war years?

A. [illegible]

war Revenue law is another, and there were three or four years in which you built up an inventory reserve at an average or $400,000 a year, and there would be war revenue tax payable on that if you had disclosed it to the government, would not there? A. Eventually, but it went to the government.

Q. No, it did not go to the government. It did nothing of the kind. It went to Canadian Cottons.

BY THE COMMISSIONER: Q. What do you mean by that? A. Because as the inventory went down, and the deductions were made from the selling price, as the inventory went down the profits decreased that were concealed, as you call it, and the profits in the inventory came into cash.

BY MR. McRUER: Q. How do you make that? The inventory reserve was $2,277,000, and in 1920 $2,312,000, so it has not been encroached upon by anything more than $50,000 since 1920. So I ask you again, how do you justify saying you do not owe the government the special war revenue tax that was payable during the years 1916, 1917, 1918 and so on.

MR. KELLOCK: That $2,000,000 figure was not right.

MR. McRUER: I have taken the balance sheet at the end of 1936.

MR. KELLOCK: But you said today.

MR. McRUER: I say the fiscal year ending 1936. I am not willing to accept one figure without

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BY MR. McHUGH: Q. How do you make that? The inventory reserve was $2,277,000, and in 1920 $2,014,000, so it has not been encroached upon by anything more than $300,000 since 1920. So I ask you again, how do you justify saying you do not owe the government the special war revenue tax that was payable during the years 1916, 1917, 1918 and so on.

MR. KELLOCK: That $2,000,000 figure was not right.

MR. McHUGH: I have taken the balance sheet at the end of 1936.

MR. KELLOCK: But you said today.

MR. McHUGH: I beg the friend's pardon.

I am willing to accept those figures without

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verification, that is put forward by this company. I say that frankly.

MR. KELLOCK: I am not asking you to accept it. I am only telling you that your statement is wrong.

THE COMMISSIONER: You are referring to the fiscal year ending March 31, 1936.

MR. McRUER: Yes, my lord.

BY MR. McRUER: Q. So that from 1920 to March 31, 1935, you had only encroached on the inventory reserve to the extent of about $50,000. So that brings us right back to this, that this reserve was built through a special addition when the Special War Revenue Act was in force, and you have not paid taxes on it. Is not that it? A. It varied through the years. In one year we dropped one million dollars.

Q. Yes, but it came back. I am talking about when the pro it was originally made, and any loss you have made on it since has been reinstated with the exception of $50,000. The profit was originally made in the years 1916 to 1920, and you did not pay your income tax or your special war revenue on it.

MR. KELLOCK: How do you know?

MR. McRUER: He says he did not. He says he pays his tax on the basis of the published balance sheet.

MR. KELLOCK: I think he is quite wrong.

MR. McRUER: I do not know whether he knows his business or not but he is giving the evidence.

THE WITNESS: I say that through the years the government has not suffered but rather made because

verification, that is put forward by this company. I say that frankly.

MR. KELLOCK: I am not asking you to accept it. I am only telling you that your statement is wrong.

THE COMMISSIONER: You are referring to the fiscal year ending March 31, 1930.

A. Year ending March 31, 1930. You had only encroached on the inventory reserve to the extent of about $30,000. So that brings us right back to this, that this [illegible] when the special war revenue Act was in force, and you have not paid taxes on it. Is not that it?

A. It varied through the years. In one year we dropped one million dollars.

Q. Yes, but it came back. I am talking about when the pro it was originally made, and any loss you have made on it since has been reinstated with the exception of $30,000. The profit was originally made in the years 1915 to 1920, and you did not pay your income tax or your special war revenue on it.

MR. KELLOCK: How do you know?

MR. McRUER: He says he did not. He says he paya his tax on the basis of the published balance.

MR. [illegible]: I think he is quite wrong.

MR. McRUER: I do not know whether he knows his [illegible] I say that [illegible] statement.

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we made these reductions in our inventory.

Q. If I may suggest, that is all nonsense, because the government is entitled to levy their tax year by year and to know truthfully what are the profits of any individual, whether they be high or low. A. We are quite willing to discuss that with the Income Tax Department, and the may be assurred we will do what is right by them. We want to run our company in the interest of the shareholders the operatives and the country as a whole. We want to keep it going. It is not a good thing to have a lot of concerns going bankrupt throughout the country.

Q. That is all by the point. That is discussing a matter altogether different. The question is why take it out of the hands of the shareholders, out of the hands of the government and out of the hands of the public and secret it away? Why not be open and truthful? A. I do not call it secreting. It is in the interests of the shareholders to know that the concern is being conservatively run.

BY THE COMMISSIONER: Q. Do you mean to say that it is in the interests of all concerned, the government and the shareholders, not to know? A. I do, sir, because you can quite understand that if we had bought our cotton particularly well one year and there was a big demand for our goods and we were able to run our machinery complete throughout the year our profits might run into large sums, but the next year we might run into very different conditions, and if we revealed a

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we made these reductions in our inventory.

Q. If I may suggest, that is all nonsense, because the government is entitled to levy their tax year by year and to know truthfully what are the profits of any individual, whether they be high or low. A. We are quite willing to discuss that with the Income Tax Department, and the may be assured we will go what is right by them. We want to run our company in the interest of the shareholders, the operatives and the country as a whole. We want to keep it going. It is not a good thing to have a lot of concerns going bankrupt throughout the country.

Q. That is all by the point. That is disposing a matter altogether different. The question is why take it out of the hands of the shareholders, out of the hands of the government and out of the hands of the public and secret it away? Why not be open and truthful? A. I do not call it secretive. [illegible] I do not want shareholders to know that the concern is being conservatively run.

BY THE COMMISSIONER: Q. Do you mean to say that it is in the interests of all concerned, the government and the six shareholders, not to know? A. I do, sir, because you can quite fairly well one year and there was a big demand for our goods and we were able to run our machinery complete throughout the year our profits might run into large sums, but the next year we might run into very different conditions, and it is expected a

profit of one million dollars and then the price dropped and we were unable to deliver the goods it would cause to my mind a speculation on the market up and down that would be very bad to the shareholders, for the general public and for the investors at large.

BY MR. McRUER: Q. Why do you think the parliament of Canada and of the provinces pass laws requiring people to make truthful balance sheets and publish truthful statements if what you say is a good thing? You know what you are required to do under the Companies Act. A. I think it is a truthful statement. If we take cotton in at five cents of ten cents when it is forty cents it is not truthful to say this cotton is worth forty cents simply because we had to pay forty cents for it during a limited period, perhaps due to a shortage.

Q. But the truth is that this company had $2,100,000 more assets on March 31, 1936, than were shown in its balance sheet? A. On the basis the inventory was taken.

Q. But those assets were there. You wrote down your inventory, that was after the books were closed, by $100,000, and you said: Because of the new budget brought down by Dunning your business was going to be interfered with, and therefore you wrote it down by $100,000 after the books were closed, and as a matter of fact you had more reserve than you gave the whole inventory. A. The amount in reserve was less than it was twenty years before.

Q. This reserve I suppose is in securities and

profit of one million dollars and then the price
dropped and we were unable to deliver the goods it
would seem to my mind a speculation on the market
to end down that would be very bad to the shareholders, for the general public and for the investors
at large.

Mr. Mollard: Q. Why do you think the parliament or Canada and of the provinces have required people to make financial statements and publish financial statements if what you say is a good thing? You have not replied to that.

A. I think it is not practical to say this section is worth forty cents simply because we had to pay forty cents for it during a limited period, perhaps due to a shortage.

Q. But the truth is that this company had $1,100,000 more cash in March 31, 1929, than were shown in its balance sheet?

A. On the basis

Q. But there were $1,100,000 more cash in March 31, 1929, than were shown in its balance sheet?

A. On the basis

the inventory was taken.

Q. But there were $1,100,000 more cash

your inventory, that was after the books were closed,
by $700,000, and you said: because of the new
market movement down by Dunlop your business was
to be investigated with, and therefore you wrote
it down by $160,000 after the books were closed, and
that you had more reserve than your
[illegible]

investments? A. Some inmachinery, some in other things.

Q. How much are your investments? A. It will be there in the statements.

THE COMMISSIONER: Will it include all the investments?

MR. McRUER: No, because if they are making a secret reserve they must have it tucked away in some other way.

THE WITNESS: The only reserve we have is in inventory. Everything else is in the statements.

BY MR. McRUER: You have your investments that amount to $2.756,000? A. That is in stock of other companies, bonds and so forth.

Q. The actual valuation of your inventory, if it had shown the true statement as of March 31, 1956, should have been about $4,000,000.

MR. KELLOCK: Not at all.

THE WITNESS: Mr. Brown can tell you that.

BY MR. McRUER: Q. Your reserve is either in inventory or plant and machinery or it is in investments? How have you got it put away?

A. The figures would be a reserve in inventory at that time, in cotton and goods and process and manufactured goods.

Q. And your inventory should have been shown at $2.200,000 more than it was? A. I do not admit that. The inventory is on the same basis we have been working on for twenty-five years.

Q. Where do you carry this asset? You have an asset of $2,200,000 that was not disclosed in your balance sheet. I want to know where it is. Suppose the government wants to get its hands on it

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and seize you for penalties and all that sort of thing for non-disclosure -- where is that asset? A. That would fluctuate with the amount of the stock. we happened to have on hand. For instance, in the last six months, as will be revealed, the reserve in inventory has gone down by half a million dollars, showing it is a fluctuating thing. It depends on whether your inventory is high or low.

Q. Do you not do this? When you sell cotton you buy as against the replacement value. When you make a sale you buy at replacement value of the raw material. A. We try to keep ourselves covered with our raw material.

Q. You try to keep yourselves covered as you go along? A. Yes.

Q. And you are already covered when the sale is made? Why do you need this reserve?
A. Well, sometimes unfortunately, while on a rising market you know that delivery is going to be accepted and that all the goods will be sold, but unfortunately on a falling market, which occurs from time to time, your goods are not taken by the people who buy, and the company and the millhave to take a loss and bring them down to the new value caused by the dropping cotton or by competition or whatever it may be. If you could always be sure that your goods were going to be delivered and paid for on the basis of your sales we would not have so many of the problems that are facing business.

Q. I suggest to you that all the other companies have got along without doing this. We have not seen this elsewhere -- possibly you may be

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putting us on a line. I would like you to get from Belding-Corticelli a statement of your inventory reserve the same as you have done with Canadian Cottons.

Do you think it was fair to the Minister of Finance to write him last spring while this commission was sitting, threatening to close down the mill on account of losses down there when you had a secret reserve of $2,200,000 that you had not disclosed to the government nor to the public.

MR. KELLOCK: There you are again. You have not shown that it is not disclosed to the government.

MR. McRUER: He says they paid tax according to the balance sheet.

MR. KELLOCK: That is a different thing from disclosure.

MR. McRUER: All right.

BY MR. McRUER: Q. Do you say that you disclosed to the Minister of Finance at any time that you had a secret reserve of $2,200,000 when you were complaining about Japanese competition and threatening to close the mill and throw men out of work? A. I did not make a threat to close the mill.

Q. You said so in your letter.

THE COMMISSIONER: If there is any question about what a letter said we had better have the letter and not go on our recollection.

THE WITNESS: You will recall the record of that St. Croix mill. It was showing a steady loss.

BY MR. McRUER: Q. Never mind about the record of the St. Croix mill. I am not much concerned about what anything shows in regard to your

putting an on a line. I would like you to get from Sifton-Cortigolli a statement of your inventory reserve the same as you have done with Canadian Cottons.

Do you think it was fair to the Minister of Finance to write him letter saying while this commission was sitting, threatening to close down the mill on account of losses down there when you had a secret reserve of $2,200,000 that you had not disclosed to the government nor to the public.

MR. MILLOUGH: There you are again. You have not shown that it is not disclosed to the government.

MR. MONUMM: He says they paid tax according to the balance sheet.

MR. MILLOUGH: That is a different thing from the loan.

BY MR. MONUMM: Q. Do you say that you disclosed to the Minister of Finance at any time that you had a secret reserve of $2,800,000 when you were complaining about Japanese competition and threatening to close the mill and throw men out of work?

A. I did not make a threat to close the mill.

Q. You said so in your letter.

THE COURT REPORTER: If there is any question about what a letter said we had better have the letter and not go on our recollection.

THE WITNESS: You will [illegible]

that St. Croix mill. It was showing a steady loss.

BY MR. MONUMM: Q. Never mind about the to

statements any more. I want to know what you said to Mr. Dunning. I think the date of the letter is April, 1936.

THE COMMISSIONER: There are five other letters after that one. The one you have is April 6, and the others May 2, May 8, May 12, May 22 and June 11, beginning with Exhibit No.475 and going on to 476, 477, 478 and 479.

BY MR. McRUER: Q. Here is the letter dated April 6, 1936 -- A. Is that my letter?

Q. Yes, it is a copy of a letter from you to Mr. Dunning, and reads:

"Dear Mr. Dunning,

As I expect to appear before the Turgeon Commission within the next few days to appeal for early action tending to restrict the importation into Canada of Japanese rayons and cotton goods, I think I should furnish you with a brief outline of what I intend to say on that occasion.

The particular mill owned by this company making rayon cloths is located at Milltown, N.B., on the St. Croix River, running between Maine and New Brunswick. This mill was built by American capitalists in 1881 and they operated same until 1904. In that year the control passed to the Canadian Coloured Cotton Mills Company Limited. In 1910 this company was reorganized and the name was changed to Canadian Cottons Limited.

For some twenty-five years this plant produced fine cotton goods, chiefly dress

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ginghams. About the year 1925 the demand for dress ginghams began to slacken,--"

and so on. Then you go on about the hosiery mill and then say:

"As the rayon industry was just coming to the fore we decided to equip that particular mill for the making of these goods. For this purpose we spent in excess of three-quarters of a million dollars, bringing our total investment in Milltown, N. B., to over four million dollars. Of course, a great deal of experimenting had to be done because the rayon industry being new very few people knew anything about it. This has meant that we have been operating in red figures,--"

Red figures now:

"-- at that particular mill for seven or eight years. Our total loss in that time, before appropriating anything for bond interest or depreciation, amounted to over $600,000. This year, for the first time since we started making rayons, it looked as if we would be able to at least cover mill expenses. It is exceedingly disappointing, therefore, that just as we were about to "turn the corner" Japanese rayons have started to pour into Canada. If after having made herculean efforts to keep this particular mill operating we finally have to close it down it will mean not only a very heavy loss to our shareholders, but, sadder still, it will mean that many of our employees will have to leave their homes and Milltown will become a deserted village.

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Doubtless, too, some of our employees will have to go on public relief because, as you are aware, new jobs are not easy to find.

At the present time we have about 540 men and women working in our St. Croix mill. Had we been permitted to develop this business normally I am quite sure that in the course of time we would be able to give employment to 700 or even 800 operatives. Of course, the Japanese situation has destroyed all our hopes in that direction. However, I trust that this condition of things is but temporary and that the importation of Japanese goods may be restricted by governmental regulations to such an extent as to enable us to continue operating our Milltown plant."

Q. You suggested to me that you had not threatened to close the mill and throw men out of work? A. No, there is no threat contained there. It is a statement of fact.

Q. Well, we will take it as read. Then I want to read what you said to Mr. Dunning in your letter of May 2, 1936, Exhibit 475:

"Dear Mr. Dunning,

As you no doubt surmised, I was absolutely stunned by the "knockout" blow you gave the Cotton business when you brought down your Budget yesterday."

Did you hear the evidence of Mr. Gordon about cooperating together because he had so many orders

our Milltown plant."

Q. You suggested to me that you had not threatened to close the mill and throw men out of work? A. No, there is no threat contained there. It is a statement of fact.

Q. Well, we will take it as read. Then I want to read what you said to Mr. Dunning in your letter of May 8, 1956, Exhibit 475:

"Dear Mr. Dunning,

Do you no doubt examined, I was absolutely stunned by the "Montreal" block you gave the cotton business when you brought down your budget yesterday."

Did you hear the evidence of Mr. Gordon about

on hand he could not get them filled otherwise? A. No, I did not.

Q. And transferring them to another mill? Now the picture changes. The letter goes on:

> "The rayon end of our business that has not been captured as yet by the Japanese competition will now be taken from us by our British friends."

That is, the last atom of your rayon business that had been left after the Japanese had invaded the market was now going to be captured by your British friends. The letter continues:

> "However, we are going to keep our flag flying just as long as we possibly can.
>
> Certainly this latest move on the part of your government is going to be an extremely serious matter for both our shareholders and our employees. We will, of course, have to issue new price lists immediately, which will have to be based on the new competition that will come to us as a result of the recent tariff a changes."

I may suggest to you, Dr. Dawson, just at that point, that that is a confession that you kept your prices up to everything the former tariff would permt? A. We certainly did in many cases. Where our costs were not available --

BY THE COMMISSIONER: Q. Have you issued new prices? A. We had to meet the cut in the duty.

BY MR. McRUER: Q. So the consuming public have got some things cheaper since the new duties went into effect? A. That is right.

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on hand he could not get them filled otherwise?

A. No, I did not.

Q. And transferring them to another mill?

Now the picture changes. The letter goes on:

"The reason and of our business that has not been continued as yet by the Dawsons Commercial will now be taken from us by our British friends."

That is, the last straw of your reason that made business left after the Japanese had invaded the market was now going to be captured by your British friends. The letter continues:

"However, we are going to keep our flag flying just as long as we possibly can.

Certainly this latest move on the part of your government is going to be an extremely serious matter for both our shareholders and our employees. We will, of course, have to have to be based on the new commercial that will come to us as a result of the recent [illegible]."

I may suggest to you, Mr. Dawson, just at that point, that that is a confession that you kept your prices up to everything the Tariff Board permit? A. We certainly did in many cases. Where we were not available --

By [illegible] have your insured new prices? A. We had to meet the cut in the duty.

By Mr. McMURRY: Q. So the remaining public have not some things cheaper since the new went into effect? A. That is right.

You go on in this letter:

"I am writing you at the moment to ask you if you cannot see your way clear to make things just a little bit easier for us by taking off the excise tax on our raw material such as cotton, dye stuffs, and other supplies, that we must bring in from the United States to enable us to carry on our business. It has always been the policy of the Liberal party to make the cost of production of the manufacturers as cheap as possible to enable them to compete with foreign products. Mr. Rhodes admitted, when he removed the excise tax on British cottons that the excise tax on our raw materials should also have been removed,--"

I am surprised that we have not heard more of that in this investigation, and I give it for what my opinion is worth that if you are serious you ought to bring that forward. A. It is something that should be attended to, but the government said that they needed the revenue, and so we just had to submit.

Q. Now I come to your letter of May 22, 1936, Exhibit 478. It is your letter to Mr. Dunning that I was looking for:

"Dear Mr. Dunning,

Upon my return this morning from a brief business trip to New Brunswick I found awaiting me your kind letter of the 18th instant.

At our St. Croix mill at Milltown, N.B. I found a rather serious condition in regard to our rayon production. As our warps are

1868 Duncan

You go on in this letter:

"I am writing you at the moment to
ask you if you cannot see your way clear to
make things just a little bit easier for us
by taking off the excise tax on our raw material
wool or cotton, dye stuffs, and other supplies.
What we want bring in from the United States to
enable us to carry on our business. It has
always been the policy of the Liberal party to
make the cost of production of the manufacturers
as cheap as possible to enable them to compete
with foreign products. Mr. Rhodes admitted,
when he removed the excise tax on British
goods that the excise tax on our raw materials
should also have been removed."

I am surprised that we have not heard more of that
in this investigation, and I give it for what my
opinion is worth that if you are serious you ought
to bring that forward. A. It is something
that ought to be attended to, but the Government said
that they needed the revenue, and so we just had
to submit.

Q. Now I come to your letter of May 8th, 1868,
Exhibit 472. It is your letter to Mr. Dunning that
I was looking for:

"Dear Mr. Dunning,

Upon my return this morning from a brief
business trip to New Brunswick I found awaiting
me your kind letter of the 15th instant.

I [illegible]

woven out I am afraid there is nothing for us to do but to stop the looms because we cannot allow that plant to continue to increase the loss that it made last year. Within a short time I will send you the actual figures. The thought of closing that mill down gives me very serious concern, not only for sentimental reasons seeing that New Brunswick is my native province, but also because many of our workers there own their own homes and the closing of our mill would mean that Milltown would become a deserted village. The situation there has become so serious that I may ask you to accord me a personal interview to discuss the matter at a not distant date.

We have just received information that Japanese exports of cotton goods for the last nine months totalled 1,961,000,000 yards. What a huge business these people have developed, and there is no doubt but that the Textile industry of the world is facing a very serious condition of affairs due to this competition."

In none of those letters did you disclose to Mr. Dunning the fact that you had a secret reserve of $2,200,000. A. No, we were losing money at that mill, and we were taking our inventory on the same basis that we had done for twenty years.

Q. When you say that you are losing money may we take it that your statements are compiled in the same manner as you compiled your returns to the shareholders as to what profit and loss

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CHARTERED STENOGRAPHIC REPORTER
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you were making? A. The same percentage of discount on inventory is made through the years, and the printed statement is made on the basis of the inventory as it appears at the time stock is taken. That inventory fluctuates through the years, and today I suppose it is over $500,000 less than it was sixteen years ago. Is that right, Mr. Brown?

MR. BROWN: Yes.

THE COMMISSIONER: I would like to know something about the present condition of that mill.

BY MR. McRUER: Q. Are you still operating the St. Croix mill? A. Not to the same extent.

Q. How many men have you employed there now? A. I cannot recall. I imagine over some four hundred hands were working with a reduced volume. Just now, facing the winter, we are going ahead with work, it is just speculative, to keep the mill operating and keep these people living. What we shall be able to sell these goods at nobody knows. It depends on the competition we are having from Japan and the British Isles.

BY THE COMMISSIONER: Q. Are you employing fewer people now than you were? A. Yes, my lord. I do not know the exact figures but I can produce them.

BY MR. McRUER: Q. I would like to know how many men you have put out of employment at Milltown since May. A. As compared with May 1922 ?

Q. Yes. In your statements to the public and to the shareholders you repeatedly complained of the competition you were receiving from abroad and that the

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tariff was too low, didn't you? A. At times, yes.

Q. Do you think it is fair to make those complaints and not disclose the true profits that the company has made in that year? A. Well, I think, Mr. McNuer, that keeping our reserve as near as possible intact, and on the basis of our inventory, was a perfectly correct position to take. We cannot to my mind afford to allow our reserve in inventory to disappear.

Q. I am not talking about your reserve. A. That is where all the difference comes.

Q. It would make a tremendous difference to the common stock shareholder, for instance, if he looked at this balance sheet and saw that there was no appropriation, for instance, for depreciation. I think it was emphasized before this commission when you were up before that you had not since 1930 been able to transfer proper sums for depreciation. A. We made allowance for reserve each year. Sometimes we have to cut into our profit and loss account, but we consistently made deductions for depreciation, sometimes larger amounts than others.

Q. In the ending March 31, 1935, when you added $400,000 to this secret reserve -- A. May I say that we never added intentionally any amount to reserve. We took our inventory on a systematic basis, and accordingly to the volume the reserve was more or less. If we had a large stock of raw cotton, taking it at a fixed price, the inventory reserve would be larger, and perhaps the next year if it went down. It goes into profits and the

buyer was too low, didn't you? A. At times,
yes.

Q. Do you think it is fair to make the client and not disclose the true profits that
I think, Mr. Baker, that keeping our reserve as
low as possible helps, and on the basis of our
[illegible], and I personally [illegible] to keep
we cannot to my mind afford to allow our reserve
in inventory to disappear.

Q. I am not talking about your reserve.
Q. What is where all the difference comes.
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A. [illegible]
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account, but we certainly made deductions for
depreciation, some times larger amounts than others.
Q. In the ending March 31, 1933, when you
added $400,000 to this secret reserve -- A. May
I say that we never added intentionally any amount
to reserve. We took our inventory on a systematic
basis, one applied ably to the volume the reserve
was more or less. If we had a large stock of raw
cotton, taking it at a fixed price, the inventory
reserve would be larger, and perhaps the next year
if it went down. It goes into profits and the

profits would be larger and the inventory reserve would be less.

Q. Look at this balance sheet for 1935, Exhibit 340. Here is a statement of your reserves:

Special Reserves For:

Obsolescence	$4,550,000.00
Replacements	600,000.00
Contingencies	201,342.81
	$5,351,342.81

There ought to have been $2,200,000 inventory reserve on that, should not there? A. Not to my mind.

Q. Why not apply the same thing here too? A. They are definite, unchangeable. We know what they are, but we do not know what our reserve in inventory is on account of the continuous fluctuation. Cotton may be 40 one year and the next year it may be 5, and you have to make provision for that. Otherwise you may find yourself in bankruptcy.

Q. I would ask if, to your knowledge, these other companies do this? A. A few minutes ago I mentioned the case of a mill in New England.

Q. I do not care about New England.

A. And I saw there the result of not having a reserve.

Q. I am talking about Canada.

THE COMMISSIONER: Do not let us again get into the question of the wisdom of having a reserve. The only point that interests me is the reason why the reserves were not revealed.

THE WITNESS: That was the policy.

THE COMMISSIONER: You have told us that.

THE WITNESS: It was my own policy insugurated when I came into this business. I believed it was absolutely necessary to keep the company on a stable basis.

THE COMMISSIONER: Again, that is not the question. The only question there is is that of the secrecy surrounding these reserves.

THE WITNESS: Well, of course, in my judgment that was the wise thing to do. I think I explained that if a company bought its cotton well and had a large run one particular year, and in consequence showed a profit of one million dollars, the public looking at the figures of the stock would say, this is a very valuable stock, and they would buy it at a high price. I have seen our stock sell for 150 and soon after I have seen it sell for 10. That gives a wrong impression to the public, to show a profit of one million dollars one year and a loss the next. It is not good for the shareholders or for the operatives, or for the company or for the country. But it is far better to have a reserve that you can draw on.

THE COMMISSIONER: I cannot get you to see my viewpoint. I am not concerned with you having a reserve to draw. That is all very well. I am asking you, why conceal it. You told us a little while ago that you thought it was good for the shareholders, for the public and for the government not to know about it.

THE WITNESS: I think so, because otherwise the fluctuation in profit would be very great, and one year the stock might look worth 150 and the next

ROBT. BRYDE
CHARTERED STENOGRAPHIC
REPORTING
TORONTO - CANADA

Dawson

THE CHAIRMAN: You have told us that,

THE WITNESS: It was my own policy inaugurated when I came into this business. I believed it was absolutely [illegible] on a stable scale.

THE CHAIRMAN: Again, that is not the question. The only question there is is that of the [illegible],

THE WITNESS: Well, of course, in my judgment that was the wise thing to do. I think I explained that it is a company bought its cotton well and had a fine run one particular year, and in consequence showed a profit of one million dollars, the public looking at the figures or the stock would say, this is a very valuable stock, and they would buy it at a high price. I have [illegible] that two are about alike I have [illegible] don't give a wrong impression to the public, to [illegible] for [illegible] year and a [illegible] here. It is not good for the shareholders or for the operatives, or the company or for the country. And it is for [illegible] -pre- [illegible] are [illegible].

MR. CHAIRMAN: I cannot get you to see my viewpoint. I [illegible] with you having a reserve to draw. That is all very well. I am [illegible], why choose it. You told us a little [illegible] that your [illegible] the [illegible] the statement [illegible] for the profits [illegible] the [illegible] I [illegible] it.

[illegible] a [illegible], [illegible] the [illegible] [illegible] in profit would be [illegible], and the [illegible] [illegible] with [illegible] and the [illegible]

year 10.

THE COMMISSIONER: It is no use. I cannot get you to see it.

BY MR. McRUER: Q. I draw your attention to another matter. You repeatedly complained in your reports to the shareholders. In your annual report for the year ending March 31, 1935, you said:

> "Then too, the Cotton industry, like all other industries, is feeling greatly the burden of increased taxation, which, if continued, will undoubtedly end in disaster, not only to the enterprises of the country, but also to the very men and governments responsible for the unfortunate position in which we find ourselves."

And that very year you were concealing from the income tax authorities $400,000 profits.

MR. KELLOCK: You have not shown that at all.

BY MR. McRUER: Q. In that very year you were paying income tax on $400,000 less than were the profits of this company.

MR. KELLOCK: You have not shown that.

MR. McRUER: He said so.

THE WITNESS: The reserves were less than they were sixteen years before.

BY MR. McRUER: Q. I do not know any person, anybody but yourself, who would not say that they should pay income tax on their profits each year, and not attempt to average their profits from one year to another.

THE COMMISSIONER: We are not concerned with what is right or wrong in that matter. Here is the

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Shorthand Stenographer
TORONTO - CANADA

year 1930.

THE CHAIRMAN: It is no use. I cannot get you to see it.

BY MR. MORDEN: Q. I draw your attention to another matter. You incorrectly omplained in your reports to the shareholders. In your annual report for the year ending June 30, 1930, you said:

"Then too, the cotton industry, like all other industries, is testing greatly the burden of [illegible], it continued, all [illegible] and in disaster, not only to the enterprises of the country, but also to the very men and governments responsible for the existing position in which we find ourselves."

And that very year you were borrowing from the Income tax authorities $400,000 profits.

MR. KELLOCK: You have not shown that at all.

BY MR. MORDEN: Q. In that very year you paying income tax on $400,000 less than were the profits of this company.

MR. KELLOCK: You have not shown that.

MR. CHAIRMAN: He said so.

THE WITNESS: The reserves were less than they were [illegible].

BY MR. MORDEN: Q. I do not know any person, anybody but yourself, who would not say that they should pay income tax on their profits each year, year to another.

THE CHAIRMAN: We are not concerned with what [illegible] matter. Does [illegible]

section of the statute requiring the payment of tax. The question is not whether we think the law wise. We may think it is bad; I may think so myself when I have to pay my own taxes. That is not the point. The point is as to the manner in which this company kept its accounts, leading the taxing authorities into the belief that the proper amount of taxes was being paid when they were not being paid. It is not a question whether a company likes or dislikes an act of parliament. The question is: Shall the law be observed. That is all you are concerned about. Reference has been made to the tax law of 1916, the Business Profits War Tax Act, 1916, and section 7 subsection 4 of that act says:

> "For the purposes of this act the actual unimpaired reserve, rest or accumulated profits of an incorporated company shall be included as part of its capital."

Now what bearing that has --

MR. McRUER: That would be at the commencement of the act.

THE COMMISSIONER: In point of time?

MR. McRUER: That is defining the situation of the company at that time.

THE COMMISSIONER: It says, "For the purposes of this act the actual unimpaired reserve." Whether that means from year to year or it should date from the coming into force of this act I do not know. I cannot tell because I have only that part of the act. But it says for the purposes of this act the reserves or accumulated profits shall be

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CHARTERED STENOGRAPHIC REPORTER
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included as part of its capital. You would have to look at the act to see what bearing that may have on the situation with regard to this company.

MR. McRUER: I think I shall have to have a look at the act in respect to that anyway.

We may be concerned further, Dr. Dawson, with respect to this, than merely with the fact whether or not you satisfied officials of the Income Tax Department as to what you should pay. There may be a question of whether you paid what you should pay. But I want to ask you this question. There is no doubt that you paid your taxes on the basis of your printed balance sheets. A. I think there is no doubt about that. What I would like to reiterate is that in taking our inventory in on the basis we did through the years we had no thought of taking anything from the government. We wanted to keep the company sound and solid, and we knew that any reserves we might have of inventory one year would go out next year or following years because that is the way it happens.

THE COMMISSIONER: There is one thing about taking so much money and putting it in reserve, and then not paying the income tax on it. The income tax is a portion of it. A man may think it wise to put a portion of her salary aside for a reserve, but nevertheless he pays the income tax.

THE WITNESS: That is not quite the same basis.

THE COMMISSIONER: I do not know. That is the point we are still investigating.

involved as part of its capital. You would have to look at the act to see what bearing that may have on the situation with regard to this company.

MR. [illegible]: I think I should have a look at the act in respect to that anyway.

We may be concerned further. Dr. Dawson, with respect to this, then merely with the fact whether or not you received official data of the Income Tax Department as to what you stood may. There may be a question of whether you paid what you should pay. But I want to ask you this question. There is no doubt that you paid your taxes on the basis of your printed balance sheets.

A. I think there is no doubt about that. What I would like to reiterate is that in taking our inventory in on the basis we did through the years we had no thought of taking anything from the government. We wanted to keep the company sound and solid, and we knew that any reserves we might have of inventory one year would go out next year or following years because that is the

[illegible]

THE CHAIRMAN: There is one thing about having no such money and putting it in reserve, and then paying the income tax on it. The income tax is a portion of it. A man may think it wise to put a portion of his salary aside for a reserve, but nevertheless he pays the income tax.

MR. [illegible]: That is not quite the same basis.

THE CHAIRMAN: I do not know. That is the point we are still investigating.

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CHARTERED STENOGRAPHIC REPORTER
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BY THE COMMISSIONER: Q. The question is, did you take out of your profits a sum of money to be put aside, and say, "We will say nothing about this and pay no tax on it because it is wise to have a reserve"? It may be wise to have a reserve and still pay your tax on the amount of money you have put into reserve. The two are not comparable. A. Our position was that if cotton was selling at 40 centstoday, and we knew that a short time previously it had sold at 10 cents, we were facing possible disaster if there was not a reserve against that.

Q. I have no objection to your reserve; please understand that. That is the company's own business. The only point is whether you have a right not to reveal this reserve to your shareholders and the public, and particularly to the taxing authorities. If you reveal it to the taxing authorities they would not have taken the whole of this reserve from you, but they would have been able to tax it. A. We have had twenty years of experience and we can tell whether the policy we followed was detrimental to the government, let alone what effect it might have on the shareholders and the operatives. We can see what effect it really had on the government, whether they got too much or too little.

BY MR. McRUER: Q. I am not concerned with whether the government has defrauded the government one day, and paid too much the next day, and then comes back and averages it and says: On the average the government is better off than if I had put in

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CHARTERED ACCOUNTANT
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honest returns. All I am concerned with is whether you paid on what the law says you should have paid on. When we were discussing the writing down of your inventory last spring, and you said that you had written it down by $100,000 odd that year, the books were closed on March 31, 1916, and you did not disclose a word of this inventory reserve of $2,000,000 that you had then.

A. That was over and above reserve.

Q. I know you added to it, but I am saying Do you think it was fair to this commission that was investigating and trying to get all the facts in regard to your profits, your business and how it stood by checking up on your investments -- we had gone into all these details, and you did not breathe a word about this secret reserve, and I ask: Do you think that was fair to this commission? A. We took our inventory as we have for the last twenty years, and when the government brought down the Budget and there was a further cut made in duties we took an additional discount above what our ordinary discount was --

Q. I am not concerned about what you did, but about what you said in evidence. You were sworn to tell the truth, the whole truth and nothing but the truth, and you did not disclose this secret reserve when we were talking about that very subject

MR. KELLOCK: Show me where you asked m him any question which would call for that answer.

BY MR. McRUER: Q. I asked about the writing down of your inventory, why you wrote it down and all that; and you never opened up a

ROBT. BRYDIE

CHARTERED ACCOUNTANT

TELEPHONE CENTRAL

honest returns. All I am concerned with is whether you paid on what the law says you should have paid on. When we were discussing the writing down of your inventory last spring, and you said that you had written it down by $100,000 and that year, the books were closed on March 31, 1916, and you did not disclose a word of this inventory reserve of $2,000,000 that you had then,

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MR. LEDUC: Show me where you asked him any question which would call for that answer.

BY MR. MORINE: Q. I asked about the

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minute. You remember that? A. Yes.

Q. And never a word about those profits. I dealt with transfers to depreciation and obsolescence and all these things, and never a word about this. How do you justify it? A. It is perfectly justified because we took our inventory as we had been taking it for twenty years; that is the additional reduction we made.

Q. Why not tell us about it when you were under oath? A. We were not asked.

Q. Apparently we must use a magnifying glass or a searchlight. A. It never occurred to me that this question would arise. We had been doing this for twenty years. We took an extra discount on account of the change in the duty.

Q. I would like to know if all the other companies have been doing the same thing. Can you tell me that? A. I have no idea.

Q. How do you justify your company entering into agreements with the Dominion Textile Company and Wabasso Company that you will charge the same price for equivalent yarns; you are not competing in respect to prices in yarns. A. I say that I had nothing to do with it.

Q. You knew nothing about it? A. I knew there were discussions from time to time, but I had nothing to do with it. I knew from time to time that discussions were held to discuss the prices of yarns, but the details I knew nothing about.

Q. You were one who actively promoted the

minute. You remember that? A. Yes.

Q. And never a word about those profits.

I dealt with treasure to depreciation and obsolescence and all those things, and never a word about that. How do you justify it? A. It was certainly justified because we took our inventory as we had been doing it for many years; that is the additional reduction we made.

Q. Why not tell us about it when you were under oath? A. We were not asked.

Q. Apparently we must pay a magnifying glass or a searchlight. A. It never occurred to me that this question would arise. We have been doing this for twenty years. We took an extra discount on account of the change in the duty.

Q. I would like to know if all the [illegible] Can you tell me that? A. I have no idea.

Q. How do you justify your company returning into covenance with the Dominion Textile Company and Canadee Company that you will observe the same price for equivalent yarns; you are not competing in respect to prices in yarns.

A. I say that I had nothing to do with it.

Q. You know nothing about it? A. I know there were discussions from time to time, but I had nothing to do with it. I knew from time to time [illegible] were held to discuss matters, but [illegible] I knew nothing.

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demands for a higher tariff in 1930? A. Yes.

Q. And do you think it was fair to the government that gave you higher tariffs, that your company and Wabasso and Dominion Textile Company should have an agreement not to compete in prices in the matter of yarns when you were going out to sell to the public under those higher tariffs? A. It depends what advantage was taken. If extra profits were made on these goods and unreasonable advantage taken of arrangements made I should say, yes.

Q. You think that the proper person to judge the reasonableness of it is the companies selling the yarn? A. I should think so.

Q. All right.

(Page 11400 follows)

demands for a higher tariff in 1907? A. Yes.

Q. And do you think it was fair to the Government that made you higher tariffs, that your company and Wabasso and Dominion Textile Company should have an agreement not to compete in prices in the matter of yarns when you were going out to sell to the public under those ventures was taken. If those profits were made on there and unreasonable advantage taken of arrangements made I should say, yes.

Q. You think that the proper person to judge the reasonableness of it is the companies selling the yarn? A. I should think so.

Q. All right.

A F T E R N O O N S E S S I O N

-- The Commission resumed at 2 P.M.

MR. KELLOCK: My lord, I was going to ask if I might call Mr. Brown instead of Dr. Dawson to answer certain questions arising out of Dr. Dawson's examination. The witness is more familiar with it.

THE COMMISSIONER: Do you intend to call Dr. Dawson ?

MR. KELLOCK: No, Mr. Brown is much more familiar with the matter than Dr. Dawson.

THE COMMISSIONER: Is it agreeable to you, Mr. McRuer, that Mr. Kellock call Mr. Brown now?

MR. McRUER: Oh yes, I don't mind.

THE COMMISSIONER: Then, you are not examining Dr. Dawson ?

MR. KELLOCK: No, my lord.

CHARLES B. BROWN, sworn.

EXAMINED BY MR. KELLOCK: Q. Mr. Brown, you are an accountant ? A. Yes.

Q. And you are the auditor of the Canadian Cottons ? A No.

Q. But you have made some investigation of the books and records of the Canadian Cottons for information to be furnished to this Commission ? A. Yes, I was in charge of all information which was supplied in connection with the Commission.

Q. Are you able to say, Mr. Brown, from your investigation as to whether or not in the earlier years

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-- The Commission resumed at 2 P.M.

MR. KELLOCK: My Lord, I was going to ask if I might call Mr. Brown instead of Mr. Dewan in order to save certain questions arising out of Mr. Dewson's examination. The witness is more familiar with it.

THE COMMISSIONER: Do you intend to call Mr. Dewson ?

MR. KELLOCK: No, Mr. Brown is much more familiar with the matter than Mr. Dewson.

THE COMMISSIONER: Is it agreeable to you, Mr. Counsel, that Mr. Kellock call Mr. Brown now?

MR. MONAHAN: Oh yes, I don't mind.

THE COMMISSIONER: Then, you are not examining Mr. Dewson ?

MR. [illegible]: My Lord.

[illegible]

MR. KELLOCK: Q. Mr. Brown, you are an accountant ? A. Yes.

Q. And you are the auditor of the Canadian Cottons

A. No.

Q. But you have made some investigation of the books and records of the Canadian Cottons for information to be furnished to this Commission ? A. Yes, I was in charge of all information [illegible] in connection with the Commission.

Q. Are you able to say, Mr. Brown, that for in-

referred to by my friend this morning, 1916 to 1920, whether or not the existence of the inventory reserve that we have heard so much about was disclosed to the Government authorities ? A. Yes. In the earlier years, I think --

BY THE COMMISSIONER: Q. Please speak so I can hear you ? A. When the inventory reserve was being created the matter was, to my knowledge, discussed with the Income Tax officials at Ottawa.

Q. BY MR. McRUER: Q. ho ? A. Mr. Breadner, I think was the gentleman.

Q. He is dead now ? A. Yes.

MR. KELLOCK: His Department.

THE COMMISSIONER: Mr. Breadner.

MR. McRUER: Mr. Breadner is dead.

BY MR. KELLOCK: Q. Mr. Breadner was the Commissioner who administered not only the Business Profits War Tax Act which has not survived but the Income War Tax Act which is still in force; is that right ? A. I think so.

Q. Mr. Brown, is this inventory reserve that we have heard so much about, is it a real inventory or is it more of a method of taking inventory ? A. You mean, is it a real reserve ?

Q. Yes ?

MR. McRUER: There is not much use having it if it isn't ? A. It is a reserve which must not be confused with other reserves. We have other reserves set up in the books and clearly outlined as to the purpose, for instance, the depreciation reserve and

referred to by my friend this morning, 1918 to 1920, whether or not the existence of the inventory reserve that we have heard so much about was disclosed to the Government authorities ? A. Yes. In the certificates, I think --

BY THE CHAIRMAN: Q. Please speak as I can hear you ! -- ... ted the matter was, to my knowledge, discussed with the Income Tax of fields at Ottawa.

BY Mr. MCKUEN: Q. Do ? -- Mr. Woodner, I think was the gentleman.

Q. He is dead now ? A. Yes.

MR. MCKUEN: His Department.

MR. MCKUEN: Mr. Brendnor is dead.

BY Mr. MCKUEN: Q. Mr. Brendnor was the Commissioner who administered not only the Business Profits War Tax Act which has not survived but the Income War Tax Act which is still in force; is that right ?

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Q. Mr. Brown, is this inventory reserve that we have heard so much about, is it a real inventory or is it more of a method of taking inventory ? A. You mean, is it a real reserve ?

Q. Yes ?

MR. MCKUEN: There is not much use having it if it isn't ? A. It is a reserve which must not be ... with other reserves. We have other reserves ... in the books and clearly outlined as to the ..., the depreciation reserve and

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other reserves. This reserve does not appear on the books of the company.

BY THE COMMISSIONER: Q. Where does it appear ? A. It does not appear anywhere, your lordship. It is a matter of the computation of the inventory as at the end of each fiscal period.

BY MR. KELLOCK: Q. I asked you is it a real reserve or a method of computing the inventory ? A. It is a reserve and it is a method of computing the inventory.

Q. Now, the company takes inventory once a year or twice a year ? A. I cannot say, I think twice a year, it all depends.

Q. Does the inventory itself show that is a reserve ? A. The inventory records do.

Q. The inventory records themselves show it is a reserve ? A. They don't show it in the actual amount but they show the discounts.

BY THE COMMISSIONER: Q. What does that mean ? A. It shows how the reserve has been arrived at. They put certain articles through at a certain price and take the discount at 25, 30 or 40 per cent, and it is by calculating these discounts we arrive at the inventory reserve.

Q. Discounts on what ? A. Discount on the merchandise, either it is raw goods or goods in process or finished goods.

Q. On the stock ? A On the stock , yes.

BY MR. KELLOCK: Q. That is the stock on hand whether it is raw material or manufactured goods is

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detailed ? A. Yes.

Q. At certain values? A. Yes.

Q. Then, this inventory reserve as shown is a certain discount of that value ? A. Yes.

Q. A less scrupulous concern than Canadian Cottons might well arrive at the same results by simply showing the discounted value of the individual items and the total as well without necessarily showing that the actual value of the items was so much and the discount so much ? A. Yes. It would be hard for an outsider coming in to arrive at the inventory reserve unless it was shown as clearly as it is on the books of the Canadian Cottons.

Q. Is it shown perfectly clearly on the records of the Canadian Cotton company ? A. Absolutely, yes.

Q. Now, my friend picked out one or two years where it appeared that this discount on inventory came out of the profits for the year and argued from that that the company paid income tax on the lower figure when according to my friend's idea it should have been paid on the higher figure. Now, were there years when the reverse was true ? A. Yes.

Q. Will you explain that to his lordship ? A. It works both ways , the inventory reserve. Some times it increases your profits and other times it reduces your profits, and there have been certain years since 1920 when if the reserve, if the proper invantory -- when I say proper, that is the declared inventory with the reserve, if that had been used there

Exhibit * ... Yes.

V. In general, Yes.

... Yes. Not infrequently reserve an amount in ... certain discount of that value ? ... Yes.

... Is not ordinarily reserve from Canadian Cotton ... there might well arrive at the same results by simply showing the discounted value of the individual items and the total as well ... without necessarily showing ... the actual value of the items and so much and the discount so much ? ... Yes. It would be heard for an auditor coming in to arrive at the inventory reserve unless it was shown as clearly as it is on the books of the Canadian Cotton Company.

... Is it shown perfectly clearly on the records of the Canadian Cotton Company ? ... Positively, ...

... Now, my friend picked out one or two years where it appeared that this discount on inventory ... one of the profits for the year and argued from that that the company paid income tax on the lower figure when according to my friend's idea it should have been paid on the higher figure. Now, were there years when the reverse was true ? ... A. Yes.

... Will you explain that to his Lordship ?

... It works both ways, the inventory reserve ... times it increases your profits and other times it

would have been less money paid to the Income Tax Department.

Q. Will you explain that a little more fully how that works ? A. Well, I don't know, it is an accounting problem. When you are arriving at your profits for the year you start off by taking in the inventory at the start of the fiscal period and you add on your manufacturing costs whatever they have been. Then you deduct from that the inventory that you have on hand.

Q. At the end of the period ? A. At the end of the period so that if that inventory on hand at the end of the period has increased say by $100,000. at the end of the period it means that your profits that year have been reduced by $100,000., and if it has worked the other way, if it has reduced it means your profits should have been more or less whichever the case is, and there have been years that if the inventory without discounts had been used that the company would have paid more Income Tax or showed more profits than they had actually earned in that year.

Q. It works both ways; there are years when the company paid more income tax than it would have paid had the actual -- had the discount been disregarded ? A. Yes, you can say -- you start in 1920 and up to 1936, over a period of 15 years the actual charge, shall we say, to the operations of the company have been a reduction in the reserve so over these 15 years the profits of the company have not been affected very much.

MR. McRUER: A reduction by $50,000.; you had it up to $2,000,000. at that time ? A. I am

would have been less money paid to the Income Tax Department.

Q. Will you explain that a little more fully how that works? A. Well, I don't know, it is an accounting problem. [illegible] arriving at your profit at the start of the fiscal period and you add on your deduct from that the inventory that you have on hand.

Q. At the end of the period? A. At the end of the period so that if that inventory on hand at the end of the period has increased say by $100,000. at the end of the period it means that your profits that year have been reduced by $100,000., and if it has worked the other way, if it has reduced it means your profits should have been more or less whichever the case is, and there have been years that if the inventory without discounts had been used that the company would have paid more Income Tax or showed more profits than they had actually earned in that year.

Q. It works both ways; there are years when the company paid more income tax than it would have paid had the actual -- had the discount been disregarded?

A. Yes, you can say -- . You start in 1930 and up to 1936, over a period of 15 years the actual change, shall we say, to the operations of the company have been a [illegible]

talking of over the years and it shows that in some years it works one way and the other year it comes back that way.

BY MR. KELLOCK: Q. In that period of 15 years, as I understand you, there are years where the company from the standpoint of taxation suffered by reason of adopting this system ? A. There are some years.

Q. Then, in the same way in other years --

A. It benefited.

Q. It may have been a benefit ? A. Yes.

THE COMMISSIONER: The question is does the law allow it ?

MR. KELLOCK: Well, my lord, the evidence is that the same department administers both Acts and/at the situation was discussed in the early days of both Acts.

MR. Mc RUER: There is no evidence of that at all.

MR KELLOCK: Yes, my lord, the Business Profits War Tax Act was passed in 1916 and the Income War Tax Act in 1917.

MR. McRUER: That is not what the witness said.

MR. KELLOCK: That is what I am saying and it is a fact.

THE COMMISSIONER: My question is are these facts made known each year when the returns are made to the proper taxing authorities ?

MR. KELLOCK: I am coming to that. Mr. Brown, Dr. Dawson in his evidence said that the company paid income tax on the basis of the balance sheet; is that correct ? A. Well, I think he said on the balance sheet, not on the basis.

MR. McRUER: On the profits shown in the balance sheet ? A. Of course, the profit is shown in the profit and loss account, not the balance sheet. There are very few companies paying income tax wholly on the profits shown on the printed statement. That is the basis but the income tax people make a lot of adjustments. Very often a company may charge $600,000. for depreciation and the Income Tax people say, "We are only going to allow you $300,000." That does not prevent the company charging $600,000. off on the books, but the Income Tax make adjustments when the calculation is made for tax purposes. While that is the basis I don't think you will find the Income Tax paid in any one year will agree exactly with the amount on the profit and loss account.

BY MR. KELLOCK:

Q. Are you talking of the returns made by corporations to the Income Tax department ? A. Yes.

Q. Is there not much moreinformation asked for and given to the Department than appears in the balance sheet and the profit and loss statement ? A. Yes.

THE COMMISSIONER: What is that question ?

BY MR. KELLOCK: Q. I asked him if in the returns to the Department there is not much more information given and much more information asked for by the Department than appears in the balance sheet or the profit and loss statement of any company ? A. Yes, the Income Tax return to-day is quite a complicated return.

Q. I noticed, Mr. Brown, in looking at the company's annual report for the year ending the 31st

Mr. MORTON: On the profits shown in the balance sheet ? A. Of course, the profit is shown in the profit and loss account, not the balance sheet. There are very few companies paying income tax wholly on the profits shown on the printed statement. That is the basis but the income tax people make a lot of adjustments. Very often a company may charge $600,000. for depreciation and the Income Tax people say, "We are only going to allow $200,000." That does not appear in the books, but the Income Tax make adjustments when the calculation is made for tax purposes. While that is the basis I don't think you will find the Income Tax paid in any one year will agree exactly with the amount on the profit and loss account.

BY MR. [illegible]:

Q. Are you talking of the returns made by [illegible] ? A. Yes.

Q. Is there not much more information asked for and given to the Department than appears in the balance sheet and the profit and loss statement ? A. Yes.

THE CHAIRMAN: What is this question ?

BY MR. MCCULLOCH: Q. I asked him if in returns to the Department there is not much more information given and much more information asked for or the profit and loss statement of any company ?

A. Yes, the Income Tax people [illegible]

Q. I noticed Mr. Morton, in looking at the [illegible]

of March, 1936, and I assume it is the same in the others, that the very first item on the Assets side, the second item, rather, is"Open Accounts and Bills Receivable (Less Bad Debts Reserve)", so much. Would you look at that and tell his lordship if a shareholder or the public or anybody else looking at that would know how much the reserve for bad debts was ? A. No.

Q. All they are told is that there is a reserve for bad debts. The basis they don't know and the amount they don't know ? A. No.

Q. Now, then we come down to inventory the description is "Inventory of Raw Cotton - Manufactured Stock and Supplies - valued in each case at cost or under and not above present Market Value". Is the shareholder or the public told how much under the cost or market value, the inventory is valued at any more than they are told what the reserve for bad debts is ? A. No, the main thing is to make sure that the inventory has not been over-valued. That is quite a standard wording, "Cost or under". That is more or less to make sure there has been no inflation in the inventory for balance sheet purposes.

Q. What I am asking you, is the shareholder told any less or any more about the reserve for bad debts than he is about any reserve for inventory ? A. No.

Q. It is the same thing ? A. Not to my knowledge, no.

Q. That is all, thanks.

of March, 1950, and I assume it is the same in the
statement, that the Provision for Income Taxes,
the second item, rather, is "Open account and Bills
receivable (less Bad Debts Reserve)", so much. Would
you look at that and tell Mr. Jordahl if a share-
holder or the public or anybody else looking at that
would know how much the reserve for bad debts was ?
A. No.

Q. All they are told is that there is a reserve
for bad debts. The basis they don't know and the amount
they don't know ? A. No.

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nition is "Inventory of Raw Cotton - Manufactured
Stock and Supplies - valued in each case at cost or
under and not above present Market Value". Is the
shareholder or the public told how much under the
cost or market value, the inventory is valued at any
more than they are told what the reserve for bad
debts is ? A. No, the best thing is to make sure
that the inventory has not been over-valued. That is
quite a standard wording, "Cost or under". That is
more or less to make sure there has been no inflation
in the inventory the balance sheet represents.

Q. What I am asking you, is the shareholder told
any less or any more about the reserve for bad debts
than he is about any reserve for inventory ? A. No.
It is the same thing ... [illegible]
Index, No.

... [illegible]

BY MR. McRUER: Q. Mr. Brown, what firm are you connected with? A. The firm of Ritchie Brown & Company.

Q. Auditors ? A. Yes, no, Chartered Accountants.

BY THE COMMISSIONER: Q. Pardon me, the firm of what ? A. Ritchie Brown & Company, Chartered Accountants.

BY MR McRUER: Q. You have been a chartered accountant for how long ? A. About 14 years.

Q. You have been making up statements, income tax returns and business profit tax returns and that sort of thing for companies ? A. Yes.

Q. Is it your custom in making up statements to disregard secret reserves in making your returns to the government ? A. That is a matter of opinion.

Q. It is not a matter of opinion, it is a question I am asking you. Is it your custom to disregard secret reserves and transfers to secret reserves in making up your returns to the government ? A. Each case would have to be taken on its own merits. It is a recognized custom in accountancy. Accountants recognize secret reserves .

Q. They do in making up the profits tax ? A. No, I said in accountancy.

Q. I am not talking about accountancy. Accountancy is merely, if I may suggest, it is merely bookkeeping and keeping information for the company and knowing exactly the position of the company and

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Chartered Stenographer
TORONTO CANADA

Q. Mr. Brown, what firm are you connected with? A. The firm of Mitchie Brown & Company.

Q. Auditors? A. Yes, no, Chartered Accountants.

BY THE CHAIRMAN Q.C.: Q. Pardon me, the firm of what? A. Mitchie Brown & Company, Chartered Accountants.

BY MR. HOLMES: Q. You have been chartered accountant for how long? A. About 14 years.

Q. You have been making up statements, income tax returns and business profit tax returns and that sort of thing for companies? A. Yes.

Q. Is it your custom in making up statements to disregard secret reserves in making your returns to the government? A. That is matter of opinion.

Q. It is not a matter of opinion, it is a question I am asking you. Is it your custom to disregard secret reserves and transfers to secret reserves in making up your returns to the government? A. Each case would have to be taken on its own merits. It is a recognized custom in account ancy. Accountants recognize secret reserves.

Q. They do in making up the profits tax?

A. No, I said in accountancy.

Q. I am not talking about accountancy. Accountancy is simply, if I may suggest, it is merely recording and keeping statistical information for the purpose and showing exactly the position of the business and

so on. I am talking about in making returns to the Dominion Government on which the tax levy of the company is going to be based, or of the government as again the company is going to be based. Now, do you say that you, as a chartered accountant, leave these things out of your returns ? A. In most cases we would probably discuss that with the Income Tax authorities.

Q. Now, I am coming back to the beginning of this thing. Did you make up the statement that went to Mr. Howson of the inventory reserve in the first place ? A. I did.

Q. Why did you start at 1920, and why did you not give us the inception of it without being asked for the beginning of this ? A. Because most of the government forms only call for information covering the past 15 years, I think, and it was at Mr.Howson's request that we extended, that quite a number of forms have been extended to the inception of the thing. He asked for the same information in connection with the depreciation reserve.

Q. Yes, I know and we are probably going to ask for more ? A. He asked for that before he found this.

Q. Now, I am going back to the year 1916 and see what happened. Were you the auditor for the company in 1916 ? A. No.

Q. Did you have any connection with the company? A. No.

Q. How were you able to tell my friend this matter was taken up with Mr. Breadner in 1916 ?

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A. Pardon ?

Q. How were you able to tell my friend that this matter, of the transfer of $379,000. to inventory reserve was disclosed to Mr. Breadner in 1916 ? A. No, I didn't say that, Mr. McRuer .

Q. Well, I certainly understood you to say that. That was the impression left with me, left on my mind, that you said "to my knowledge it was taken up".

MR KELLOCK: What he said was when he made his investigation of the facts in order to furnish the information to the Commission he found that out.

BY MR. McRUER: Q. You said it was done to your knowledge. A. I said it was discussed with Mr. Breadner.

Q. To your knowledge, you said; those were the words you used. Do you think it is fair to this Commission to have reserves like that undisclosed ? I seem to have to prod and prod. You said the matter to your knowledge was discussed with Mr. Breadner.

MR. KELLOCK: If the witness did not say why I will ask him why --

MR. McRUER: No, I am cross-examining the witness. The witness is in my hands now. You do not need to get nervous. You had your full opportunity to bring out anything you wish.

MR. KELLOCK: You be fair to the witness and ask him what he based his knowledge on ?

THE COMMISSIONER: Well now, we cannot proceed this way. If there is any particular question, Mr. Kellock, that is put by Mr. McRuer that appears to you

to you to be unfair you get up and take your objection and I will decide it.

MR. KELLOCK: All right, my lord.

BY MR. McRUER: Q. You did say it was disclosed to your knowledge ? A. I said I had come across papers --

Q. You didn't say anything about coming across papers ? A. Well, to my knowledge, I stand on that.

Q. Please tell me what paper you came across that you just referred to ? A. In the course of my preparation of these documents I came across correspondence with the department in Ottawa.

Q. Now, I should like to have all that correspondence that you have that in any way refers to this inventory reserve.

MR. KELLOCK: We will get it for you.

MR. McRUER: We will have to have not your word as to what was done but we can have the actual correspondence.

THE COMMISSIONER: Mr. Kellock says he will get it.

MR. KELLOCK: Yes.

MR. McRUER: Let us proceed.

THE COMMISSIONER: There is no misunderstanding. That information goes back to 1916.

MR. KELLOCK: Yes, my lord.

BY MR. Mc RUER: Q: I am going to proceed with this year 1916. Can you tell me on what profit the company paid income tax and the War Profits Tax for the years 1916, 1917, 1918, 1919 and 1920, and so on ? A. No.

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and I will decide it.

MR. KELLOCK: All right, my Lord.

BY MR. MONTGOMERY: Q. You did say it was disclosed to your knowledge ? A. I said I had come across papers --

Q. You didn't say anything about coming across papers ? A. Well, to my knowledge, I stand on that.

Q. Please tell me what paper you came across that you just referred to ? A. In the course of my examination at three o'clock I was referred to correspondence with the department in Ottawa.

Q. Now, I should like to have all that correspondence that you have that in any way refers to this inventory matter.

MR. KELLOCK: We will get it for you.

MR. MONTGOMERY: We will have to have not your word as to what was there but we have the actual correspondence.

THE COMMISSIONER: Mr. Kellock says he will get it.

MR. KELLOCK: Yes.

MR. MONTGOMERY: Let us proceed.

THE COMMISSIONER: There is no misunderstanding.

BY MR. MONTGOMERY: Q. I am going to proceed with [illegible] Tax and the War Profits Tax [illegible] 1918, 1919 and 1920, and so on.

Q. You cannot tell me at all ? A. No.

Q. You could find out ? A. I suppose so.

Q. You could have had it when we came here to discuss this matter. You got in the witness box and said this was taken up with the Department "to my knowledge." Yet you have never looked to see on what profit the company paid business profit tax and income tax during these years; that is right ? A. Yes.

Q. All right; now if the company did not pay business profit tax on that $379,000. that would be owing to the Government from that date, would it not?

MR. KELLOCK: My lord, I submit that is a question of law entirely, as in the first place my friend does not know what the fact is.

THE COMMISSIONER: Yes, that is a conclusion of law.

MR. McRUER: It may be a conclusion of law, yes. Now, in making up the statement to the Government what would be the correct thing to put before the government in reference to the profits for that year, as an accountant ? A. The profits for the year ?

Q. The profits for the year; before deducting the $379,000. that was transfer ed to inventory reserve ? A. No, I would not say that.

Q. Why would you deduct that $379,000. transferred to inventory reserve ? It was transfer ed wasn't it ? A. You mentioned "transferred". It rather gives a wrong impression of the transaction. It isn't like making a book entry and transferring a certain amount

Q. You could have had it when we came here to discuss this matter. You put in the witness box and said this was taken up with the Department "to my knowledge". Did you ever inform the Department that it the company paid business profit tax and income tax during these years; that is right ? A. Yes.

Q. All right; now if the company did not pay business profit tax on that $879,000. that would be owing to the Government then that is, would it not ?

MR. MORGAN: My Lord, I submit that is a question of law entirely, as in the first place my friend does not know what the fact is.

THE COMMISSIONER: Yes, that is a conclusion of law.

MR. MORGAN: It may be a conclusion of law, yes. Now, in making up the statement to the Government with ment in reference to the profits for that year, an account ? A. The profits for the year ?

Q. The profits for the year; before deducting the $879,000. that was transferred to inventory reserve ? A. No, I would not say that.

Q. Why would you deduct the $879,000. transferred to inventory reserve ? It was transferred wasn't it ?

to an account that is established on the books.

Q. No, it is done more secretly than that, isn't it? A. No, it is the difference between your inventory valuations --

BY THE COMMISSIONER: Q. It is the difference between what ? A. Inventory valuations, but when the word "transfer" is used so frequently it gives one the impression of a fixed amount being put through your journal and charged or credited to an account in the books of the company.

BY MR. McRUER: Q. It is the difference between the actual value of the inventory and the value of the inventory as shown in this balance sheet ? A. Well, say the estimated value of the inventory.

Q. No, here is what your balance sheet says: "Inventory of Cloth, Process and Yarns, Raw Cotton, Supplies, Insurance unearned, $1,222,680." That is what the document says, doesn't it ? A. I was not referring to that amount ? Q. Well, I am referring to it. That is what was shown as the value of the inventory taken into the balance sheet. Now, the way you get the reserve is by putting a figure in there less than the true value of the inventory.

BY THE COMMISSIONER: Q. Is that right ? A. No, not exactly.

BY MR. McRUER: Q. Well, what is right ? A. The inventory reserve is the difference between -- I used the word "estimated" -- the estimated inventory and the inventory declared.

Q. Well, you declare the inventory but you have

on account that is established on the books.

Q. Why, it is done more accurately than that, isn't it? A. No, it is the difference between your inventory valuations --

BY THE COMMISSIONER: Q. It is the difference between what? A. Inventory valuations, but when the word "transfer" is used so frequently it gives one the impression of a fixed amount being put through your journal and charged or credited to an account in the books of the company.

BY MR. MONDER: Q. It is the difference between the actual value of the inventory and the value of the inventory as shown in this balance sheet? A. Well, say the estimated value of the inventory.

Q. No, here is what your balance sheet says: "Inventory of Cloth, Process and Yarns, Raw Cotton, Supplies, Insurance unearned, $1,282,880." That is what the document says, doesn't it? A. I was not referring to that amount? Q. Well, I am referring to it. That is what was entered as the value of the inventory taken into the balance sheet. Now, the way you get the figure is by getting a figure in which case what the true value of the inventory.

BY THE COMMISSIONER: Q. Is that right? A. No, not exactly.

BY MR. MONDER: Q. Well, what is right? A. The inventory reserve is the difference between -- I used the word "estimated" -- the estimated inventory and the inventory declared.

Q. Well, you declare the inventory but you have

now a reserve of $2,200,000.; there is no doubt about that, is there ? A. I still call it estimated.

Q. Estimated reserve ? Well, it is there, isn't it, and it amounts to more than the whole of your inventory. The whole value of the inventory is shown on the 1936 balance sheet and it amounts to more than that. A. I know, but that is still an estimate nevertheless. The amount does not alter the fact that it is an estimate.

Q. To what extent is it estimated ? A. It is one person's opinion with another one's.

Q. Well now, look, if the company carries on its business in this way that it buys against sales it is secured against depreciation in value of inventory, isn't it ? A. Well, I am not -- I don't know what the policy of the company is.

Q. Well, I am saying -- I am putting this to you as an accountant, if the company buys against sales, that is, buys its raw cotton against sales it is secured against the value of its -- against depreciation in the value of inventory ? A. It should be if it worked that way.

Q. Yes, it should be; therefore, there is no need of making these transfers to inventory, or having these inventory reserves to secure against fluctuations in value of inventory. If you had followed that policy -- A. I don't know, followed that policy -- but it has not worked out that way.

Q. I don't care what happens, I am dealing with

a reserve of $2,800,000.; there is no doubt about
that, is there ? A. I still call it estimated.

Q. Estimated reserve ? Well, it is there, isn't
it, and it amounts to more than the whole of your in-
ventory. The whole value of the inventory in whose
[illegible] it amounts to only
A. I know, but [illegible] an estimate nevertheless.
The amount does not alter the fact that it is an esti-
mate.

Q. To what extent is it estimated ? A. It is
one person's opinion with another one's.

Q. Well now, look, if the company carries or its
business in this way that it buys against sales it is
assured against depreciation in value of inventory,
isn't it ? A. Well, I am not -- I don't know what
the policy of the company is.

Q. Well, I am saying -- I am putting this to
you as an assumption, if the company buys against sales
that is, buys its raw cotton against sales it is se-
cured against the value of its -- against depreciation
in the value of inventory ? A. It should be if it
worked that way.

Q. Yes, it should be; therefore, there is no
need of adding these reserves to inventory, or having
these inventory reserves to secure against fluctua-
tions in value of inventory. If you had followed that
policy -- A. I don't know, followed that policy --
but it had worked out that way.

Q. I mean, when buyers, I am dealing with

evidence that has been given. Now, if it had followed that policy there is no need of having these secret inventory reserve. A. Well, there have been occasions when the inventory reserve was very much wanted.

Q. It was drawn on because the company made losses, that is right , and it was replenished in 1926 by one million dollars when it made profits; that is right, isn't it ? A. It has been replenished.

Q. And it is replenished when the company makes profits; that is right ? A. But if it had not the reserve to start with it could not replenish.

Q. No, if it had not,and the reserve was built up out of profits, wasn't it ?

BY THE COMMISSIONER: Q. Was it ? A. That is a hard question to answer.

Q. If you cannot answer it say so ? A. I would not like to say yes, to that.

BY MR. McRUER: Q. Do you know anything about these reserves ? A. No, other than I have seen in making up the figures for the government.

Q. You are put forward as the man that knows all about it. Was the inventory not built up out of profits in the years 1916 1917, 1918 and 1919 ? A. It is more correct to say the inventory was built up over the price that it was taken in at at the various periods when it was increased in the earlier years. It might happen you would close your books on the 31st of March when cotton was very high, at a very high price, and I don't think you would be justified for putting your inventory, over the ques-

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when the inventory reserve was very much wanted.

that is right, and it was replenished in 1920 by one million dollars when it made profits; that is right, isn't it ? A. It has been replenished.

profits; that is right ? A. But if it had not the reserve to start with it could not replenish.

Q. No, if it had not, and the reserve was built up out of profits, wasn't it ?

BY MR. CONNOR, K.C.: Q. Was it ? A. That is a hard question to answer.

Q. If you cannot answer it may so ? A. I would not like to say yes, to that.

BY MR. MCWILLIAMS: Q. Do you know anything about these reserves ? A. No, other than I have been making up the figures for the government.

Q. You are put forward as the man that knows all about it. Was the inventory not built up out of profits in the years 1916 1917, 1918 and 1919 ?

A. It is more correct to say the inventory was built up over the price that it was taken in at the various periods when it was increased in the market value. It might happen you would find that in the Slat or March when cotton was very high, it a very high price, and I don't think you would be

tion of declaring profits, on the very high price of cotton existing at one period.

Q. But the price of cotton went up then after 1916 ? A. It goes up and comes down too.

Q. If they were buying against, or selling on the basis of replacement value as we have heard they were doing you are not worried about the price going up or going down, are you ? If you are selling on the basis of replacement value that is right, from an accounting point of view ? A. If it worked out that way, it would be right.

Q. Now, I want to read to you some of the provisions of the Business Profits War Tax Act.

THE COMMISSIONER : That is the one of 1916 ?

MR. McRUER: 1916, yes, my lord. Section 6.

"The profits shall be taken to be the net profits arising in the accounting period.

2. The profits of a non-Canadian company shall be the net profits arising from its Canadian business including both domestic and export business.

3. No deductions from the gross profits for depreciation or for any expenditure of a capital nature for renewals, or for the development of a business, or otherwise in respect of the business, shall be allowed, except such amount as appears to the Minister to be reasonable and to be properly attributable to the accounting period, and the Minister when determining the profits derived from mining shall make an allowance for the exhaustion

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of the mines.

4. Any deduction made from the gross profits for the remuneration of directors, managers, and persons concerned in the management of the business shall not (unless the Minister, owing to any special circumstances, otherwise directs) exceed the sums deducted for those purposes in the last accounting period ending before the first day of January, one thousand nine hundred and fifteen, and no deductions shall be allowed in respect of any transaction or operation of any nature where it appears, or to the extent to which it appears, that the transaction or operation has improperly reduced the amount to be taken as the amount of the profits of the business for the purposes of this Act.

5. In the case of any contract extending beyond one accounting period from the date of its commencement to the completion thereof and only partially performed in any accounting period there shall (unless the Minister, owing to any special circumstances, otherwise directs) be attributed to each of the accounting periods in which such contract was partially performed, such proportion of the entire profits or estimated profits in respect of the complete performance of the contract as shall be properly attributable to such accounting periods respectively, having regard to the extent to which the contract was performed in such periods.

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4. Any deduction made from the gross profits for the remuneration of director, manager, and persons concerned in the management of the business shall not (unless the Minister, owing to any special circumstances, otherwise directs) exceed

accounting period ending before the first day

and no deductions shall be allowed in respect of any transaction or operation of any nature where it appears, or to the extent to which it appears, that the transaction or operation has improperly reduced the amount to be taken as the amount of the profits of the business for the purposes of this Act.

5. In the case of any company extending beyond one accounting period from the date of its commencement to the completion thereof and only partially performed in any accounting period there shall (unless the Minister, owing to any special circumstances, otherwise directs) be attributed to each of the accounting periods in which such

6. Where an incorporated company conducts its business, whether under agreement or otherwise, in such manner as either directly or indirectly to benefit its shareholders or any of them or any persons directly or indirectly interested in such company by selling its product or the goods and commodities in which it deals at less than the fair price which might be obtained therefor, the Minister may for the purposes of this Act determine the amount which shall be deemed to be the profits of such company for any accounting period, and in determining such amount the Minister shall have regard to the fair price which, but for any agreement, arrangement or understanding might be or could have been obtained for such product, goods and commodities."

Now, have you ever gone over that? Were you making out business profit tax returns when this was in effect? A. No, I was at the war in 1916.

Q. You were, but after the war, of course, this Act was in force for a while? A. For a short time.

Q. Well, I will not ask you for expert evidence on that, but I do ask you this; in the year 1926 the inventory reserve of this company was replenished by about one million dollars? A. Yes, about that.

Q. If the Income Tax return of the company had shown the profits to be one million dollars more than they were shown in that year, of course, that makes a tremendous difference as to the categories on which the assessment falls? A. Not necessarily.

Q. What ? As your category goes up the rate of taxation goes up ? A.Not with the companies.

Q. Not with the companies ? A. No.

MR. KELLOCK: That only applies to individuals.

MR. McRUER: Just individuals.

MR.KELLOCK: That is what hits you.

MR. McRUER: Yes, that bothers me. How do you justify the statement that you make that the government got everything they were entitled to in taxes because if they lost it one year they got it in the next when we have you still with an inventory reserve of $2,200,000. A. No. The point, I think -- Mr. Dawson probably misquoted me there. The point I made was this that this is a reserve for use in years when the company tax was small, 8 per cent, 9, 10,11 and 12 and so on. As this reserve was brought back into the company's profits, as they ultimately will be, the rate of Income Tax is considerably higher. Instead of being 7, 8 or 9 per cent on the amount it has now stepped up to 15 per cent .

Q. Yes, but here was 1926 where you had one million dollars added to it and we go back to 1916, 1917, 1918, 1919, and 1920 when it was built up at an average rate of $400,000. a year. At that time the Business Profits Tax was in force and that is entirely a different matter ? A. Yes, Mr. McRuer, but you pick out one year. You are picking out 1926. I can take 1921 and show where it was equally so against the company.

Q. Many of the companies lost money that year in

Q. Many of the companies lost money that year

Q. Not with the companies ? A. No.

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MR. MONKMAN: That is what it is for.

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Q. What ? As your category goes up the rate of taxation goes up ? A. Not with the companies.

a fall in inventory reserve, in inventory; that is shown in the company's statements that we have looked at time and again, but what I am getting at is this, was the Business Profits Tax, which was a high one, paid by this company on this $2,000,000. which was accumulated during those war years when the tax was in force.

MR. KELLOCK: I submit, my lord, that my friend is assuming the Business Profits Tax was payable on that.

MR. McRUER: I have asked him whether it was paid?

MR. KELLOCK: You have asked him whether it was paid. My friend assumes it is payable and that is not established.

THE COMMISSIONER : What is not established ?

MR. KELLOCK: The liability of that firm; the witness does not know and neither does my friend.

THE COMMISSIONER: Yes, but the fact that remains is was the tax paid or wasn't it ?

MR. KELLOCK: Well, your lordship must be concerned first whether it was liable to pay the tax .

THE COMMISSIONER: I know, but for the present what I am concerned with is was the tax paid or not.

MR. McRUER: That is what I am trying to find out.

A. I cannot tell you.

Q. You can find out whether it was paid or not?

A. I can find out.

. Dr. Dawson has told us time and again that the tax was paid on the basis of these annual reports. I am willing to take his statement unless you can show us they were not ? A. Well, I think that Dr.Dawson is right and I am right, that the statements are the

fall in inventory reserve, in inventory; that is shown in the company's statements that we have looked at time and again, but what I am getting at is this, was the Business Profits tax, which was a high one, paid by this company on this $2,300,000. which was accumulated during those war years when the tax was in force

MR. KERLOCK: I submit, my lord, that my friend is assuming the Business Profits Tax was payable on that.

MR. MORDEN: I have asked him whether it was paid?

MR. KERLOCK: You have asked him whether it was established.

THE COMMISSIONER: What is not established?

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main basis but you won't find the tax was paid exactly on the amount that is shown there.

Q. There may have been some small adjustments ? A. Well, small or big.

Q. If they paid the tax on the basis of these annual reports they would not pay tax on the inventory reserve? A. I don't know if they paid taxes on the basis of these annual reports in those years.

Q. Well, I have got his word. I will put him back and ask him if he meant it ? A. I am quite sure when Dr. Dewson said that he meant it all.

Q. I am willing to make you all allowances for your deductions for depreciation that is disclosed and so on, but I want to know whether the tax was paid on this $400,000. a year on an average over these years. A. Won't you get that information when you get the information in the correspondence with the government.

Q. Well, I might, but I want the actual information as to what business Profits tax you paid and how it was computed and the income tax and how it was computed from the year 1916 on.

MR. KELLOCK: That is all, Mr. Brown. Your lordship asked this morning for the employment figures of the Milltown mill. On the 23rd of May it was 491 and on the 24th of October 448.

THE COMMISSIONER: Is that the end of this question about this reserve .

MR. McRUER: As far as I can go with that.

THE COMMISSIONER: Now, you can understand all about this and my attributions to go fully into

ROBT. BRYDIE
CHARTERED ACCOUNTANTS
TORONTO - CANADA

main basis but you won't find the tax was paid exactly on the amount that is shown there.

A. Well, there may have been some small adjustments ?

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A. [illegible] information in the correspondence with the government

A. Well, I [illegible] Mr. Brown. Your

ation as to what business profits tax you paid and how it was computed and the income tax and how it was computed from the year 1939 on.

MR. KNOWLTON: That is all, Mr. Brown. Your Lordship asked this morning for the employment figures of the Millitown mill. On the 23rd of May it was 491 and on the 24th of October 448.

A. [illegible]

A. [illegible]

A. Now, you can understand all

income and business tax returns of these companies and decide whether or not they paid what they should have paid. There exists other means for right to be done so I think right now, Mr. Secretary -- this is an order I am making -- I want you to send to the proper authorities at Ottawa, to the proper department, the whole of the evidence taken here to-day, Dr.Dawson's evidence and Mr. Brown's evidence. These authorities are in a position to find out for themselves whether or not the proper taxation has been paid, and with that notice to them it may be when we sit in Ottawa you can get the proper persons from the Department to come and give us their story.

MR.McRUER: Yes, my lord.

THE COMMISSIONER: In any event their attention is being called now to the evidence given to-day.

MR. KELLOCK: Then your lordship does not want the information asked for here ?

THE COMMISSIONER: Oh yes, I do , I want that.

MR. McRUER: Unfortunately Mr. Breadner is dead.

THE COMMISSIONER: This department has means of coming much more rapidly to a finding than I can. Now then, so far as the other companies are concerned, the companies in the purview of this inquiry, is this question going to arise too?

MR. McRUER: Well, it seems to me there is something new turning out almost every day these days, I have been discussing the matter with Mr.

days. I have been discussing the matter with Mr. Morkin something new turning out almost every day since

Mr. MORKIN: Well, it seems to me there is the companies in the purview of this inquiry, is this question going to arise too?

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THE COMMISSIONER: Oh yes, I do, I want that.

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Mr. MORKIN: Yes, my lord.

THE COMMISSIONER: In any event their attention is being called now to the evidence given to-day.

Beauregard, my friend Mr. Beauregard, and it seems to me a matter that has got to be given some thought. If what Dr. Dawson says is true that in regard to these companies what he has been doing is the policy of the companies I would want to study the question a little further before making any suggestions on it.

THE COMMISSIONER: I think that is wise. In the meantime the proper department will know what is going on here and that department may be able to throw some light on the whole question concerning not only this company but similar companies. All this I am saying now will go to the department, and they will most likely be able to furnish us with some information at Ottawa.

Yes.

MR. McRUER:/ I wanted to call Mr. Gordon, if I might, to ask him one question and that is if his company has an inventory reserve that has not yet been disclosed to the Commission because certain references have been made to it this morning.

THE COMMISSIONER: Well, Mr. Gordon's evidence will go to the government as well.

Page 11420 follows.

will go to the government as well.

G. BLAIR GORDON Recalled.

EXAMINED BY MR. McRUER.

Q. Mr. Gordon, has the Dominion Textile Company an inventory reserve or anything of that sort that is not disclosed in its annual statements put out to the public which are filed with the Commission? A. It has an inventory reserve not disclosed in the annual statements to the public, in that the figures are not disclosed. I am not quite sure at the moment but I think we show less reserve.

Q. How much is your inventory reserve? A. It depends which particular part of the inventory you are referring to. This is what happens Mr. McRuer. We set up in 1933 or 1932, on March 31, at the end of the fiscal year, a reserve of $1,000,000 against investments. That $1,000,000 was shown that year as a straight deduction from our surplus.

Q. Yes. A. Before that had been set up there was $500,000 against investment reserve, but that had been transferred from the raw cotton reserve, so it did not change the total.

Q. But the raw cotton was shown on your annual statement? A. It was indicated that there was some reserve, but not the actual figures, but the Income Tax Department were shown all these reserves. They knew about it.

Q. That is not the question at the moment. It may be a question of whether they are able to

Q. Mr. Cotton, does the Dominion Textile Company on inventory reserve or anything of that sort that is not disclosed in the annual statements put out to the public which are filed with the Commission? A. It has an inventory reserve not disclosed in the annual statements to the public, in that the figures are not disclosed. I am not quite sure at the moment but I think we show less reserve.

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Q. But the raw cotton was shown on your annual statement? A. It was indicated that there was some reserve, but not the actual figures, but the Income Tax Department were aware all these reserves. They know about it.

Q. That is not the question at the moment. There may be a question of whether they are able to

appreciate what they mean from the way they are shown to them. What would be the sum total of the amount of the reserves that are not shown in your balance sheets? A. I could not tell you, Mr. McRuer, offhand, because it would be to some extent a matter of opinion as to what certain things were worth.

Q. You must have books of account to keep track of these things, and must know pretty well. A. Yes, but when you ask for the whole story I have to think of the values at which the goods are carried in relation to the selling values. That creates some kind of reserve, if you like.

Q. I want to know what it is you have got in the nature of inventories, your investment reserves, or whatever they may be, that we cannot see by looking at your balance sheets but still you know they are there. A. I think just the raw cotton reserve and the investment reserve. It has fluctuated between the two.

Q. Now as to your investment reserve, you showed a transfer from surplus account?
A. We did not show the whole story because we had transferred from the raw cotton reserve half a million dollars before that and put it to the investment reserve. Last year on our own books we took back that half million dollars from the investment reserve and put it back to raw cotton.

Q. What is your raw cotton reserve now?
A. That puts it back to one million dollars.

Q. It is one million dollars? A. Yes.

Q. It is one million dollars? A. Yes.

Q. That puts it down to one million dollars.

Q. What is your tax cotton reserve now invested per above and put it back to new cotton. We took back that half million dollars from the

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Q. You must have been of account to keep those or these things, and must know pretty well.

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TORONTO — CANADA

Q. You say you do not carry an inventory reserve independent of the raw cotton reserve?

A. No.

Q. You value your inventory at the market or at cost, whichever is lower? A. It is not as simple as that. I have described the whole thing to Mr. Howson.

Q. If you and Mr. Howson have discussed it I am not going to go into all that detail, it would take too long. All I want is to have it go on the record in respect to your company because it was referred to, what was the nature of your reserve of a kind comparable with this, and it appears to be about one million dollars.

A. Plus an investment reserve.

Q. An investment reserve that is $1,000,000.

A. I think it is back to half a million dollars now.

Q. Back to half a million dollars? A. Yes.

Q. But you transferred $500,000 of your investment to that reserve. A. No. One year we transferred one million dollars, I think in 1932.

Q. In the answers to your questionnaire that is all set out. A. Yes, that will all be shown. I think it is perfectly clear.

Q. Yes, so that as far as those returns are made they will disclose the position and your raw cotton reserve figure will be disclosed to Mr. Howson.

THE COMMISSIONER: This evidence will also

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

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Gordon

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Q. Is the reserve in that position that
is all set out. A. Yes, that will all
be given. I think it is practically clear.

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made they will disclose the position and your raw
cotton reserve figure will be disclosed to Mr.
Howson.

THE COMMISSIONER: This evidence will also

THE COMMISSIONER: This evidence will also go to Ottawa because in the meantime I want them to know what is going on and they will furnish us with all the information they can.

MR. McRUER: My lord, we should have filed as an exhibit the statement of inventory reserves which was referred to and read into the record but not filed as an exhibit.

THE COMMISSIONER: What is it you are filing?

MR. McRUER: It is a statement of inventory reserve, referred to during the examination of Dr. Dawson, of Canadian Cottons.

EXHIBIT 796: Exhibit of inventory reserve, Canadian Cottons.

(Page 11425, French)

(Page 11459, French)

Me ÉLIE BEAUREGARD:

Qu'il plaise à la Cour, vous vous rappellerez qu'à la séance de ve dredi, je crois, nous avons entendu M. Vézina, de la part des Textiles Primaires, et la transq estion de M. Vézina a été remise à deux heures, cet après-dimi,

M. le COMMISSAIRE: Est-ce que M. Vézina est ici?

Me. BEAUREGARD: Je comprends que M. Vézina est ici.

M. FRANÇOIS VEZINA RE-ENTENDU:

Par Me LANCTOT:

Pour faire suite à votre témoignage, M. Vézina, de vendredi dernier, voulez-vous donner lecture de votre travail sur les textiles dont un exemplaire a été produit comme Exhibit no. 788?

M. VEZINA: Oui, monsieur.

(11426 suit)

Première partie

La part du Québec dans les industries textiles du groupe primaire

Parmi les nombreuses industries qui forment au Canada le groupe des industries textiles, on peut distinguer deux catégories d'établissements: ceux qui traitent la matière première d'origine végétale ou animale (fibres diverses et pâte de cellulose) et la transforment en filés, tissus, tricot et bonneterie; et ceux qui, par une serie d'opérations subséquentes, transforment ces tissus et filés en vêtements et autres objets de consommation. Les premiers constituent ce qu'en anglais on appelle les industries primaires, industries du premier degré, dont les produits ou bien seront consommés tels quels ou bien subiront encore d'autres transformations avant d'atteindre le consommateur; les autres, les industries secondaires. L'Office fédéral de la Statistique n'a pas encore adopté cette classification, bien qu'elle soit très propre à mieux faire voir la situation relative des diverses branches de l'industrie textile du Canada. La présente étude porte uniquement sur le premier groupe et, dans l'ensemble de ce groupe, sur les industries du coton et de la laine (filature et tissage), de la soie naturelle et de la soie artificielle, le tricotage et la bonneterie. Sauf indication contraire, nous emploierons les mots: industrie textile dans le sens étroit des industries du premier groupe.

1 - L'INDUSTRIE TEXTILE AU CANADA ET DANS QUEBEC

L'industrie textile primaire au Canada, en 1934, comptait 503 établissements, un capital de 237 millions de dollars et une production brute de 190 millions. Le personnel, ouvriers

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Importance de l'industrie textile au Canada

[illegible] 1931, comptait 502 établissements, un capital de 257 millions de dollars et une production brute de 190 millions. Le personnel, ouvrière

et employés, s'y chiffrait par 61,061 personnes, et les salaires par plus de 48 millions de dollars. Quant aux matières premières utilisées, elles représentaient quelque 94 millions. Déjà ces chiffres suffisent à montrer l'importance du textile dans l'économie canadienne, Mais si l'on y ajoute ceux du groupe dit secondaire, ceux des industries de transformation et d'utilisation des tissus, on aperçoit alors toute l'ampleur des intérêts que cette industrie met en jeu. L'industrie textile, d'après les rapports de l'Office fédéral de la Statistique, se présentait comme suit: établissents 2,234; capital engagé, 328 millions; production brute, 342 millions; nombre d'employés et ouvriers 115,695; salaires 90 millions; coût des matières premières $174 millions.

D'après le rencensement industriel la Province de Québec compte, en ce qui concerne l'industrie textile primaire, 158 établissements, disposant de 113 millions de dollars de capitaux, et dont la production brute s'est élevée à plus de 91 millions. Les employés y sont au nombre de 28,467 et le total des salaires, de $21,569,179. On y a élaboré plus de 46 millions de dollars de matières premières. Ici, encore, il convient d'ajouter le groupe secondaire du textile. La situation est alors la suivante: 941 établissements, 153 millions de dollars de capitaux, un personnel de 55,345, 41 millions de salaires, 170 millions de production brute et 90 millions de matières premières.

Exprimée en pourcentages du total du Canada, la position du Québec dans ce groupe industriel est remarquable. Dans le groupe primaire, elle représente 31.41 p.c. des établissements, 47.71 p.c. des capitaux engagés, 46.62 p.c. des employés, 44.45 p.c. des salaires et 48.12 p. c. de la production brute.

Pour toute l'industrie textile, la Province de Québec garde sensiblement la même importance: 42.12 p.c. des établisse-

et employés, s'y obtiennent par 61,001 personnes, et les salaires par plus de 48 millions de dollars. Quant aux matières premières utilisées, elles représentent quelque 94 millions. Déjà ces chiffres suffisent à montrer l'importance du textile dans l'économie canadienne. Mais si l'on y ajoute ceux du groupe dit secondaire, ceux des industries de transformation et d'utilisation des tissus, on aperçoit alors toute l'ampleur des intérêts que cette industrie met en jeu. L'industrie textile, d'après les rapports de l'Office fédéral de la Statistique, se [illegible] millions; [illegible] millions, [illegible] millions; [illegible] millions; [illegible] millions;

ments, 46.59 p.c. des capitaux engagés, 47.84 p.c. des employés, 45.20 p.c. des salaires et 49.69 p.c. de la production totale.

Prise dans son ensemble, la situation de Québec est déjà plus qu'importante. Mais celle-ci varie beaucoup d'une industrie à l'autre. Ainsi, pour les filés et tissus de coton, la province de Québec compte 16 usines sur 36 ou 44 p.c. Avec 51 millions ½ de dollars d'investissements ou 75 p.c. du total des capitaux engagés dans cette industrie au Canada--elle produit les 69 p.c. de la production canadienne. La main-d'oeuvre employée et les salaires versés sont dans les mêmes proportions soit 65.8 p.c. et 64.25 p.c. respectivement. Pour la soie et la soie artificielle, situation à peu près équivalente: 65 p.c. des usines, 68 p.c. des capitaux, 69.9 p.c. de la production, 72.17 p.c. des employés et 67.72 p.c. des salaires.

Par contre, pour la laine, la proportion qui revient au Québec est beaucoup plus petite. Ainsi, pour les tissus nous comptons 21 p.c. du capital, 22 p.c. de la production brute, et 18.8 p.c. des salaires. Situation encore moindre pour les filés de laine, avec 3 usines sur 34, environ $1,185,000 de capital sur 8 millions ½ et moins de $900,000 de production sur un total de $7,873,000. Ces chiffres, toutefois, ne s'appliquent qu'aux usines qui fabriquent exclusivement des filés. Nous n'avons que deux établissements qui s'occupent de fabriquer des tapis et moquettes.

L'Office fédéral de la Statitisque n'est pas en état de nous renseigner sur l'industrie textile familiale dans la Province de Québec, mais on sait que cette branche fournit su travail et des revenus à un certain nombre de personnes. Nous ne voulons pas parler seulement du tissage domestique des tapis, couvertures, etc., mais aussi de la filature et du tricotage à domicile, qui viennent augmenter d'autant le nombre des personnes

98.80 p.c. des patrons et 46.99 p.c. de la production totale.

Prise dans son ensemble, la situation de Québec est déjà plus importante. Cela est vrai beaucoup d'une industrie à l'autre. Alors que Québec compte 10 usines sur 36 ou 44 p.c. avec 31 millions $ de dollars d'investissement ou 39 p.c. du total des capitaux engagés dans cette industrie du Canada--elle produit les 69 p.c. de la production canadienne. La main-d'oeuvre employée et les salaires versés sont dans les mêmes proportions soit 68.6 p.c. et 64.88 p.c. respectivement. Pour la soie et la soie artificielle, situation à peu près équivalente: 68 p.c. des usines, 68 p.c. des capitaux, 64.9 p.c. de la production, 72.17 p.c. des employés et 67.73 p.c. des salaires.

Au contre, pour le lino, la proportion qui revient au Québec est plus élevée. Ainsi, dans les usines qui consacrent 81 p.c. du capital, 82 p.c. de la production brute, et 18.8 p.c. des salaires. Situation encore moindre pour les filés de lin, avec 3 usines sur 24, ouvrant $1,182,000 de capital sur 8 millions $ et moins de $800,000 de production sur un total de $2,273,000. Des différences, toutefois, se remarquent dans l'année des deux établissements qui s'occupent de fabrication des tapis et moquettes.

L'effet fédéral de la statistique n'est peut-être pas aussi net et dès lorsque l'on a certain nombre de renseignements. Nous nous contenterons, dans ce qui suit, de signaler quelques faits,

employées dans l'industrie primaire et leurs revenus.

Dans l'industrie du tricot et de la bonneterie, la part du Québec est la suivante: 31.7 des établissements, 26.8 p.c. des capitaux, 28 p.c. de la production, 29.33 p.c. de la main-d'oeuvre et 21.71 p.c. des salaires.

Ce qui nous intéresse davantage, toutefois, c'est la place que tiennent ces industries dans l'ensemble de la vie industrielle du Canada et du Québec. Le tableau suivant indique, en pourcentages, la place que tient l'industrie textile dans l'ensemble des industries manufacturières au Canada.

	Industries manufacturières	Toutes Industries textiles	%	Industrie textile primaire	%
Nombre d'établissements	25,663	2,234	8.71	503	1.98
Capital engagé	4,703,917.730	318,362,816	6.98	237,073,899	5.04
Production brute	$2,533,758,954	342,054,536	13.50	190,614,308	7.52
Nombre d'employés	545,162	115,695	21.35	61,061	11.20
Salaires	533,594,635	90,796,595	17.02	48,520,021	9.09

Ainsi, avec 8.71 p.c. du nombre des établissements et 6.98 p.c. des capitaux engagés, les industries textiles au Canada emploient 21.23 p.c. de la main-d'oeuvre des manufactures, paient 17.02 p.c. des salaires et obtiennent 13.50 p.c. de la production brute.

Quant au groupe primaire, avec 1.98 p.c. des établissements et 5.04 p.c. du capital, il absorbe 11.20 p.c. de toute la main-d'oeuvre industrielle, paie 9.09 p.c. des salaires et fournit les 7.52 p.c. de la production brute. On devine tout de suite la place relativement plus importante que tient cette industrie sur le marché de la main-d'oeuvre, que l'on prennae l'ensemble, ou seulement le groupe primaire.

Voici maintenant un tableau que nous avons compilé d'après les statistique officielles d'Ottawa, qui marque la place de la

...cyclée dans l'industrie primaire et leurs revenus.

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	Industrie textile	Industrie manufacturière
	Canada	Canada
Capital employé	6,705,917,730	31,385,016
Salaires	3.71	1.4
Valeur brute de la production	6.08	2.9
Nombre des employés	5.71	1.4

Ainsi, avec 6.71 p.c. du nombre des établissements et 5.95 p.c. des capitaux employés, les industries textiles au Canada emploient 31.55 p.c. de la main-d'oeuvre des manufactures, paient 27.05 p.c. des salaires et obtiennent 12.90 p.c. de la production totale.

Quant au groupe primaire, avec 1.95 p.c. des établissements et 5.04 p.c. du capital, il absorbe 11.50 p.c. de toute la main-d'oeuvre industrielle, paie 9.09 p.c. des salaires et fournit les 7.55 p.c. de la production totale. Il devrait donc de suite la place relativement plus importante que tient cette industrie sur la marche de la main-d'oeuvre, des [illegible] l'ensemble, en général la première place.

Voici maintenant en tableau que nous avons compilé d'après les statistiques officielles d'Ottawa, qui montre la place de la

Province de Québec:

	Industries manufacturières	Toutes industries textiles	%	Industries textiles primaires	%
Nombre d'établissements	8,168	941	1.93	158	11.52
Capital engagé	1,678,436.302	152,936,481	6.74	113,117.006	9.10
Production brute	766,498,000	169,967,889		81,736,182	22.17
Nombre d'employés	181,546	55,345		28,467	30.48
Salaires	161,197,908	41,043,603		21,568,179	25.46

L'ensemble de l'industrie textile (primaire et secondaire) dans le Québec représente donc 11.52 p.c. des établissements industriels, 9.10 p.c. des capitaux engagés, 22.17 p.c. de la production brute, 30.48 p.c. de toute la main d'oeuvre et 25.46 p.c. des salaires.

Le groupe primaire à lui seul compte 1.93 p.c. des établissements, 6.74 p.c. du capital engagé, 11.97 p.c. de la production totale, 15.68 p.c. des employés et 13.38 p.c. des salaires.

Les chiffres ainsi groupés n'ont pas grande signification. Il faut voir les réalités qu'ils cachent. Ce n'est pas en fonction seulement de l'ensemble de la province, mais bien par rapport aux divers centres où ces industries se sont implantées et développées.

Montréal est le plus grand centre textile du Québec et même de tout le Dominion. Outre Montréal, on compte plusieurs centres textiles déjà anciens, tels Sherbrooke, Trois-Rivières, Coaticook, Saint-Jean, Granby, Shawinigan Falls, Joliette, Grand-Mère, Saint-Jérome, Magog, Valleyfield et Hull. Mais depuis dix ans, cette liste s'est allongée d'un grand nombre d'autres villes et villages pour lesquels l'industrie tectile est fondamentale. Le cas de Drummondville, notamment, tient du prodige.

dans le Québec représente donc 11.8% p.c. des établissements industriels, 9.10 p.c. des capitaux employés, 8%.17 p.c. de la production brute, 30.48 p.c. de toute la main d'oeuvre et [illegible] p.c. des salaires.

Le groupe primaire à lui seul compte 1.03 p.c. des établissements, 1.7% p.c. du capital engagé, 11.11 p.c. de la production totale, 15.8% p.c. des employés et 13.30 p.c. des salaires.

Les chiffres ainsi groupés n'ont pas grande signification. Il faut voir les réalités qu'ils cachent. Ce n'est pas en fonction seulement de l'ensemble de la province, mais bien par rapport aux divers centres où une industrie se sont implantées et développées.

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Drummondville doit con existence et son développement à peu près exclusivement aux textiles. Mais il y a encore Cowansville, Acton Vale, Farnham, Louiseville, Denville, Victoriaville, Montmagny, St-Georges de Beauce et nombre d'autres où l'apparition de l'industrie textile a été le point de départ de la vie industrielle, (en même temps qu'un bienfait pour les régions agricoles voisines). Plus de cinquante municipalités du Québec--108 usines--sont directement intéressées au sort de l'industrie textile primaire. Quelques ststistiques feront mieux voir jusqu'à quel point il en est ainsi.

Montréal compteaaujourd'hui plus d'un million d'habitants, dont quelque 88,000 ont des emplois dans l'industrie manufacturière. Plus d'un quart de ces ouvriers d'industrie appartiennent à la branche textile soit primaire, soit secondaire, un peu moins de 6,000 dans l'une et plus de 20,000 dans l'autre. L'année 1934, d'après le dernier recensement de l'industrie manufacturière dans le Québec, il y avait à Montréal 75 usines textiles, employant 5,839 personnes et payant en salaire $4,981,011. Ces chiffres ne comprennent pas Montréal Est ni Verdun, où se trouvent plusieurs usines textiles avec un personnel de plus de 1,000 ouvriers. La même année, les industries de la confection et les autres industries de transformation des tissus comptaient 656 établissements, 20,143 ouvriers et employées avec un chiffre global de salaires de $15,536,000 et une production de $57,409,000. Au total l'industrie textile représente 30.90 p.c. des établissements (dont 3.09 pour l'industrie primaire); 29.37 p.c. du personnel (dont 6.62 pour l'industrie primaire); 24.36 p.c. des salaires (dont 5.91 pour l'industrie primaire); et 22.06 p.c. de la production (dont 6.16 pour l'industrie primaire).

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dont quelque 28,000 ont leur emploie dans l'industrie manufacturière. Plus d'un quart de ces ouvriers d'industrie appartiennent à la branche textile soit primaire, soit secondaire, un peu moins de 8,000 dans l'une et plus de 20,000 dans l'autre. L'année 1944, d'après le dernier recensement de l'industrie manufacturière dans le Québec, il y avait à Montréal 73 unions textiles, employant 8,000 personnes et payant en salaire $4,981,011. Ces chiffres ne comprennent pas Montreal Net ni Verdun, où se trouvent plusieurs unions textiles avec un personnel de la construction et les autres industries de transformation des tissus comptaient 688 établissements, 20,142 ouvriers et employées avec un chiffre global de salaires de $15,289,000 et représente 30.00 p.c. des établissements (dont 8.06 pour l'industrie [illegible]); 28.87 p.c. du personnel (dont 6.68 pour l'industrie primaire); et 22.08 p.c. de la production (dont [illegible] pour l'industrie primaire).

Le coton (filés et tissus) vient en tête du groupe primaire avec près de 2 millions de salaires et plus de 2,000 ouvriers. Au deuxième rang, on trouve la bonneterie et tricot avec quelque 1,200 employés et $782,000 de salaires.

Grande production de confection pour hommes et pour femmes et d'une infinie variété de fournitures - la ville de Montréal peut à bon droit revendiquer le premier rang au Canada comme marché du textile. Aussi y trouve-t-on un grand nombre de maisons de représentation et les services directs de vente des principales usines textiles du Canada. C'est là, on le devine, une source de travil pour un grand nombre de personnes.

L'histoire des six ou sept dernières années illustre bien la place tout à fait éminente que l'industrie textile occupe dans les Cantons de l'est. Les Cantons de l'Est forment, au sud-est du fleuve Saint-Laurent, une région agricole et pastorale très ancienne, dotée d'un climat propice, d'une grande abondance d'eau de surface, d'excellents moyens de transport et de grands avantages en matière de force motrice. Ajoutez-y une population intelligente, industrieuse, énergique et économe, et vous comprendrez que cette région convienne très bien à l'industrie, et, en particulier à l'industrie textile, dont le besoin primordial est celui d'une main-d'oeuvre, à la fois masculine et féminine, abondante, travailleuse et sûre. L'ouvrier et l'ouvrière Canadiens Français conservent jusqu'à nos jours la dextérité et l'adresse dans la filature et le tissage de textiles qu'ils ont hérité de leurs ancêtres de France. Aussi, depuis quinze ans surtout, l'industrie textile y a-t-elle pris un développement considérable et acquis très nettement la prédominance.

Aujourd'hui, dans cette région relativement peu étendue, l'industrie textile fournit du travail directement à plus de

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L'histoire des six ou sept dernières années illustre bien la place [illegible] l'industrie textile [illegible] a maintenant, une région relativement très ancienne, dotée d'un outillage puissant, d'une grande abondance d'eau de surface, d'excellents moyens de transport et de grands avantages en matière de force motrice. Ajoutez-y une population intelligente, industrieuse, énergique et économe et vous comprendrez que cette région convienne très bien à l'industrie, et, en particulier à l'industrie textile, dont le besoin [illegible] et [illegible] et autre. L'énumération [illegible] l'industrie textile occupant [illegible] la deuxième [illegible] la filature et le tissage de [illegible] textiles [illegible] mais [illegible] l'industrie textile [illegible] est [illegible] [illegible].

L'industrie textile [illegible] [illegible] [illegible]

10,000 personnes et leur verse quelque 10 à 11 millions de dollars.

Ces chiffres ne disent qu'une partie de la vérité. Il faut pour bien marquer la place du textile dans la région- tenir compte des industries connexes for nombreuses et de celles qui s'occupent de fabriquer pour les filatures et tissages de la région et de tout le Canada, les fournitures de toutes sortes dont ceux-ci font une très grande consommation.

En 1934, d'après le rencensement industriel de la Province de Québec, Drummondcille était la cinquième ville industrielle de la Province de Québec. Elle comptait 28 établissement, en capital de 21 millions ½ de dollars, 3,892 employers et ouvriers au salaire global de $3,237,905, et une production brute de près de 13 millions. Si l'on considère le nombre des personnes employées, les salaires et la production, la Canadian Celanese Limited--immense fabrique de soie artificielle--est au premier rang. En 1934, elle employait environ 2,400 personnes et leur versait en salaires près de deux millions de dollars. A côté, se trouve la Drummondville Cotton Company, Limited., qui a connu au cours de la crise une fortune assez diverse, mais semble avoir retrouvé toute son activité passée. Cette entreprise, qui alimente les fabriques de pneus d'automobiles, emploie en 1934 environ 700 personnes et distribue un demi-million de dollars de salaires. Une troisième usine textile, la Butterfly Hosiery Mills qui fabrique des bas de soie emploie près de 300 personnes et leur paie un quart de million de dollars de salaires. La firme Louis Roessel & Co. Limited, dont les produits ont une grande réputation, a un personnel de 120 et un total de salaires de $100,000.

Il faut encore mentionner la Dominion Silk Dyeing Finishing Company Limited, la plus grande entreprise de teinture et

10,000 personnes et leur verse quelque 10 à 11 millions de dollars.

Des obligations ne disent qu'une partie de la vérité. Il faut pour bien marquer la place du textile dans la région, tenir compte des industries connexes (or machineries et de celles qui s'occupent de fabriquer pour les filatures et tissages de la région et de tout le Canada, les fournitures de toutes sortes dont ceux-ci font une très grande consommation.

En 1924, d'après le recensement industriel de la Province de Québec, Drummondville était la cinquième ville industrielle de la Province de Québec. Elle comptait 58 établissements, en comptait de 31 millions $ de dollars, 3,000 employés et ouvriers en salaire annuel de $4,847,000, et une production brute de la valeur de $8,000,000.

Aujourd'hui, les salaires et la production, la compagnie employeuse, les salaires et la production, la Canadian Celanese Limited, qui a commencé ses opérations en 1924, a versé à ses employés, depuis cette date, plus de $30,000,000 en salaires. Elle emploie présentement 1,200 personnes et leur verse $3,000,000 par année.

Il faut encore mentionner la Dominion Silk Dyeing Printing Company, Limited, la plus grande entreprise de teinture et

d'apprêtage de toutes les sortes de tissus y compris la rayonne, la soie, les lainages et les velpurs; La Dominion Silk Printing Company, créée par le même groupe de capitalistes que la précédente. En somme, l'industrie textile absorbe à elle seule environ les 7/8 de la main-d'oeuvre.

Depuis 1883, Magog est un des centres textiles les plus connus du Canada. En 1934, Magog vient au dixième rang des villes industrielles du Québec, avec ses 18 établissements, un capital de 7 millions ½ de dollars, plus de 1,500 ouvriers, $1,232,000 de salaires et une production totale de 9 millions ½ de dollars. Ici encore, l'industrie textile est totalement prédominante, avec les deux usines de la Dominion Textile Company, Limited-- l'une pour la filature et le tissage du coton, l'autre pour les impressions, la teinture et l'apprêt des tissus. En 1934, ces deux usines ont versé à 1,298 employés plus d'un million de dollars de salaires-- ce qui représente environ les 5/6 de l'apport total de l'industrie.

Depuis longtemps, Sherbrooke passe pour un des premiers centres industriels de la Province de Québec. En 1931, la population s'y chiffrait par 28,933 habitants. D'après le recensement industriel de 1934, elle y tenait le septième rang avec 71 établissements, un capital de $18,741,000, 3,988 employés, $3,238,000 de salaires et une production de 10 millions ½. Sherbrooke compte des industries très variées, et parmi celles-ci, l'industrie textile occupe depuis nombre d'années une place importante. C'est à Sherbrooke, en 1846, qu'a été construite la première usine de coton du Canada. Quant à l'industrie de la laine, elle y remonte à plus de 70 ans. On compte à Sherbrooke, cinq grandes usines textiles: celle de la Paton Manufacturing Co. Ltd (lainages), celle de la Dominion Textile Company, Ltd (coton) et celles de bonneterie et de tricot de

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l'aviation de toutes les parties du tissu y compris la rayonne, la soie, les jutages et les velours; la Dominion Silk Printing Company, créée par le même groupe de contitaires que la précédente. En outre, l'industrie textile [illegible] y fils rayonne environ les 7/8 de la main-d'oeuvre.

Depuis 1883, Magog est un des centres textiles les plus connus du Canada. En 1924, Magog vient en troisième rang des villes industrielles du Québec, avec ses 13 établissements, un capital de 7 millions $ de dollars, plus de 1,500 ouvriers, $1,858,000 de salaires et une production totale de 9 millions $ de dollars. Cet encore, l'industrie textile est totalement prédominante, avec les deux usines de la Dominion Textile Company, Limited--l'une pour la filature et le tissage du coton, l'autre pour les impressions, la teinture et l'apprêt des tissus. En 1924, ces deux usines ont versé à 1,550 employés plus d'un million de dollars de salaires-- ce qui représente environ les 5/6 de l'ensemble [illegible].

[illegible] Sherbrooke, [illegible] première

contrée industrielle de la Province de Québec. En 1931, la population s'y chiffrait par 28,302 habitants. D'après le recensement industriel de 1924, elle y tenait le septième rang avec 71 établissements, un capital de $18,741,000, 3,966 employés, 3,358,000 de salaires et une production de 10 millions $.

Sherbrooke compte des industries très variées, et parmi celles-ci, l'industrie textile occupe depuis nombre d'années une place importante. C'est à Sherbrooke, en 1846, qu'a été construite la première usine de coton du Canada. Quant à l'industrie de la laine, elle y remonte à plus de 70 ans. On compte à Sherbrooke, cinq grandes usines textiles: celle de la Paton Manufacturing Co. Ltd (Tillsonburg), celle de la Dominion [illegible]

Julius Kayser & Co. Ltd, de la Canadian Silk Products Ltd et de la Quebec Rayon Mills Ltd. En 1933, ces cinq usines ont payé-- à l'exclusion des employés de bureau--$1,250,000 à quelque 1900 ouvriers. Le coton et la laine absorbent quelque 850 ouvriers; la soie emploie les autres. L'industrie textile représente donc environ les 3/8 des salaires et un peu moins de la moitié de l'effectif ouvrier.

Granby, avec ses 10,320 habitants, est un des principaux centres industriels de deuxième grandeur dans la province de Québec. En 1934, d'après le recensement industriel, l'industrie y employait 2,725 personnes et leur versait en salaires la somme de $2,064,176. On estime que l'industrie textile y représente environ 20 p.c. du nombre des emplois. Les principales usines sont celles de la Granby Elastic Web Ltd. fabricants de tissus élastiques, passementerie, cordonnets, etc., de la Carl Stohn of Canada Limited, fabricants de tissus pour draperies et tissus d'ameublement; de la Nordic Hosiery Company, Ltd qui accroît constamment sa production de bas de soie; de la Esmond Mills Ltd, spécialisée dans la confection des couvertures en coton; et de la Stark Bros Ribbon Corporation of Canada Limited. Granby est la treizième ville industrielle du Québec.

Saint-Hyacinthe, la neuvième ville industrielle du Québec, est essentiellement une ville textile. Plus de 60 p.c. de la main-d'oeuvre industrielle est employée dans l'industrie textile primaire, et l'on peut dire que plus des trois-quarts de la population- qui se chiffre par quelque 14,000 habitants- dépendent de l'industrie textile pour leur subsistance et leur bien-être. En 1934, Saint-Hyacinthe comptait 3,320 personnes dans l'industrie, et le chiffre des salaires s'élevait à $2,115,736. Les principales fabriques sont les suivantes:

Julius Kayser & Co., Ltd., de la Dominion Silk Products Ltd et de la Quebec Rayon Mills Ltd. En 1928, ces cinq usines ont payé -- à l'exclusion des employés de bureau -- $1,280,000 à quelque 1,000 ouvriers. Le coton et la laine absorbent quelque 850 ouvriers; la soie emploie les autres. L'industrie textile représente donc environ les 3/8 des salaires et un peu moins de la moitié de l'effectif ouvrier.

Granby, avec ses 10,380 habitants, est un des principaux centres manufacturiers de deuxième premier dans la province de Québec. En 1924, d'après le recensement industriel, l'industrie a employé [illegible] et leurs salaires ont atteint la somme de $2,024,176. On estime que l'industrie textile y représente environ 80 p.c. du nombre des employés. Les principales usines sont celles de la Granby Bleach Wks Ltd, fondée de la Carl Stohn of Canada Limited, fabricante de tissus pour draperies et tissus d'ameublement; de la Montis Hosiery Company, Ltd qui accroît constamment sa production de bas de soie de la Canada Mills Ltd, spécialisée dans la confection des vêtements en coton; et de la Stark Bros Ribbon Corporation of Canada Limited. Granby est la troisième ville industrielle [illegible].

Saint-Hyacinthe, le neuvième ville industrielle du Québec, est essentiellement une ville textile. Plus de 60 p.c. de la [illegible] textile primaire, et l'on peut dire que plus des trois-quarts de la population- qui se chiffre par quelque 14,000 habitants- dépendent de l'industrie textile pour leur subsistance et leur [illegible]. En 1924, [illegible] dans l'industrie, et le chiffre des salaires s'élevait à [illegible]. Les principales fabriques sont les suivantes:

Penmans, Limited, avec environ 750 ouvrier, où l'on fabrique de la bonneterie, des articles en tricot, des tweeds, des couvertures de laine et des feutres pour l'industrie papetière; la Goodyear Cotton Mills, fabrique de filès et tissus pour pneus d'auto, susceptible d'employer jusqu'à 700 personnes; la Consolidated Silk Mills Limited, 250 ouvrier, fabrique des tissus de soie naturelle et de soie artificielle; Gotham Hosiery Company, 160 ouvriers et quelques autres établissements textiles.

A Cowansville, la Bruck Silk Mills Limited fournit à elle seule du travail à 640 ouvriers, sur un total d'environ 1,000 pour l'ensemble des industries. A Farnham, la firme Collins and Aikman absorbe environ 1/6 de la population industrielle.

Aux Cantons de l'Est, on peut peut-être rattacher les villes de Valleyfield et de Saint-Jean sur le Richelieu. A Valleyfield, en 1934, l'on comptait 32 établissements, un capital de 10 millions $\frac{1}{2}$ de dollars, un effectif ouvrier de 2,810 ayant reçu en salaires une somme de $1,846,115, et une production brute de plus de 6 millions $. Là-dessus, la Montreal Cottons, Limited en employait 2,480, soit les 6/7. On calcule que grâce aux $1,5000,000 qu'elle distribue en salaires, cette entreprise fait vivre plus de 7,500 personnes, sur une population totale de 13,000 à 14,000 habitants. Ajoutons la Valleyfield Silk Mills qui emploie plus de 150 personnes.

Avec ses 12,000 habitants, Saint-Jean est un centre industriel plus diversifié. En 1934, 2,845 personnes, réparties dans 44 établissements, y ont touché $2,300000 de salaires. L'industrie textile primaire représentait à elle seule un quart de cet effectif et comptait plusieurs grands établissements: la fabrique de fils à coudre de soie de la Belding-Corticelli, Limited, construite il y a plus de quarante-cinq ans, sa teinturie avec un personnel expérimenté et outillé de la manière la plus moderne

personnel expérimenté et outillé de la manière la plus moderne

de Tilo à coupe de soie de la Holding-Corticelli, Limited, com-
effectif et comptait plusieurs grands établissements: la fabri-
vrie textile [illegible] appartenant à cette société en vertu de cet
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Consolidated Silk Mills Limited, 800 ouvrier, fabrique des bas
pons d'auto, susceptible d'employer jusqu'à 700 personnes; la
la Goodyear Cotton Mills, fabrique de fils et tissus pour
ventures de laine et des fourres pour l'industrie papetière;
Dominion, Limited, avec environ 750 ouvrier, où l'on fabrique

teint pour elle-même et pour d'autres manufacturiers les fils dans les couleurs les plus difficiles; la fabrique de lainages de la St.Johns Textiles Ltd; la fabrique de bas de soie de la St.Johns Silk Company Ltd; la fabrique de soieries Albert Godde, Bedin, Ltd, la teinturerie des France-Canadian Dyers Ltd; la Russell Mfg Co., Ltd et la Dominion Hair Felt Co., Ltd.

Trois-Rivières compte environ 35,000 habitants, dont, en 1934, d'après le recensement de l'industrie, 5,050 étaient employés dans l'industrie manufacturière. Cette année-là Trois-Rivières occupait le quatrième rang pour sa production d'objets fabriqués, soit plus de 22 millions de dollars. C'est dans cette ville, qui est aussi un grand centre d'industrie papetière--que se trouve située l'usine de la Wabasso Cotton Co., Ltd. La Wabasso emploie environ les 3/8 de tous les ouvriers d'industrie trifluviens. Au Cap de la Madeleine, il y a l'usine de la Canadian T.S.R. of Lyons, Ltd., engagée dans le tissage de la soie. A Shawinigan Falls, l'industrie cotonnière-représentée par la Shawinigan Cotton Co., Ltd., filiale de la Wabasso Cotton Co. - employait au début de 1934, plus de 400 ouvriers, sur un effectif total de 1,791 pour l'ensemble des industries.

Même situation à Louiseville, où les tissages de soie naturelle et artificielle de l'Associated Textiles of Canada Ltd. emploient plus de 700 ouvriers, sur un ensemble de 1,094.

A Lachute, se trouve l'une des usines les mieux installés de toute l'Amérique du Nord pour la production des feutres de laine et de coton pour machines à papier, des tweeds et tissus pour manteaux, et des couvertures pure laine, celle d'Ayers Limited. En 1934, les 12 établissements industriels de Lachute comptaient 582 employés et versaient en salaires un total de $411,812. Là-dessus, la firme Ayers Limited figurait pour en-

Trois-Rivières compte environ 35,000 habitants, dont, en 1934, d'après le recensement de l'industrie, 8,000 étaient employés dans l'industrie manufacturière. Cette ville occupait le quatrième rang pour sa production d'objets textiles, soit plus de 22 millions de dollars. C'est dans cette ville, qui est aussi un grand centre d'industrie papetière--que se trouve située l'usine de la Wabasso Cotton Co., Ltd. La Wabasso emploie environ les 5/8 de tous les ouvriers d'industrie textile ici. Au Cap de la Madeleine, il y a l'usine de la Canadian T.E.B. of Lyons, Ltd., engagée dans la tissage de la soie. A Shawinigan Falls, l'industrie cotonnière représentée par la Shawinigan Cotton Co., Ltd., filiale de la Wabasso Cotton Co. - employait en début de 1938, plus de 400 ouvriers, sur un effectif total de 1,791 pour l'ensemble des industries.

Même situation à Courcelette, où les tissages de soie mécanique et artificielle de l'Canadian Textile et [illegible] Ltée. emploient plus de 700 ouvriers, sur un ensemble de 1,094.

A Lachute, on trouve l'une des usines les mieux installées de toute l'Amérique du Nord pour la production des fourres de laine et de coton pour machines à papier, des tweeds et tissus pour manteaux, et des matelas pour lits, sous l'égide Limited. En 1936, les 12 établissements manufacturiers de [illegible] comptaient 982 employés et versaient en salaires un total de [illegible]. Là-dessus, la firme Ayers Limited figurait pour en-

viron 325 ouvriers, sans compter les surintendants, employés de bureau, etc., et environ $250,000 de salaires, soit les 5/8 de l'ensemble.

A Saint-Jérome, dans le comté de Terrebonne, la Regent Knitting Mills emploie en 1934 plus de 500 ouvriers et leur distribue en salaires environ $300,000. Cela représente 25 p.c. de l'effectif ouvriers de toutes les industries de la ville et plus de 21 p.c. des salaires.

Enfin, cas unique, à St-Grégoire de Montmorency, 10 milles à l'est de Québec, la Dominion Textile Company fournit du travail à toute la population active du village et emploie en outre des centaines de personnes des villages voisins. L'usine, construite en 1893, produit des cotonnades écrues, des draps, et des filés pour le commerce. En 1934 elle employait 1,587 personnes et leur versait $943,109.

Si nous passions ainsi en revue tous les centres textiles du Québec, nous relèverions des faits denmême nature. Nous constaterions que l'industrie textile primaire est devenue dans ces villes et villages, un facteur primordial souvent, et toujours très important de la vie économique locale. Sur cette vie économique, comme sur son infractrusture, s'élève une organisation sociale qui dépend dans la même mesure--et parfois plus encore dans certains des centres les moins populeux--de cette industrie. Des villages entiers et des villes se sont développés et ont prospéré autour des cheminées de l'industrie tantôt du coton, tantôt de la laine, tantôt de la soie. Leur existence est pour ainsi dire en fonction de ces industries et, par conséquent, elle se trouve menacée ou au contraire raffermie suivamt que ces industries jouissent de conditions favorables ou défavorables à leur développement. Ce sont ces conditions quenous allons étudier dans la deuxième partie de cet essai.

filon 2ni ouvrent, nous compter les multitendance, employés de bureau, etc., et environ $850,000 de salaires, soit les 3/5 de l'ensemble.

A Saint-Jérôme, dans le comté de Terrebonne, le Rapport Whiting Mills emploie en 1924 plus de 300 ouvriers et leur distribue en salaires environ $300,000. Cela représente 25 p. c. de l'effectif ouvrier de toutes les industries de la ville et plus de 11 p. c. des salaires.

Enfin, une usine, à St-Jérôme de Montmorency, 10 milles à l'est de Québec la Dominion Textile Company fournit du travail à toute la population active du village et emploie en outre des centaines de personnes des villages voisins. L'usine, et des filés pour le commerce. En 1924 elle employait 1,800 personnes et leur versait $948,168.

Si nous passions ainsi en revue tous les centres textiles du Québec, nous relèverions des faits semblables partout. Nous constaterions que l'industrie textile primaire est devenue dans ces villes et villages, un facteur primordial souvent, et toujours très important de la vie économique locale. Sur cette vie économique, comme sur son infrastructure, s'élève une organisation sociale qui dépend dans la même mesure--et parfois cette industrie. Des villages entiers et des villes se sont tantôt du coton, tantôt de la laine, tantôt de la soie. Leur existence est pour ainsi dire en fonction de ces industries et, par conséquent, elle se trouve menacée ou en contrepartie meilleure lorsque ces industries éprouvent des difficultés ou connaissent des améliorations à leur développement. De sont ces villes que nous allons étudier dans la deuxième partie de cet ouvrage.

Villes et Villages Textiles dans la Province de Québec

Acton Vale
Ayers Cliff
Beebe
Berthier
Brownsburg
Cap de la Madeleine
Cap St-Ignace
Chicoutimi
Coaticook
Cowansville
Danville
Drummondville
Farnham
Garthby Station
Granby
Grand'Mère
Hull
Huntingdon
Joliette
Lachute Mills
Louiseville
Madeleine River
Magog
Marieville
Montmagny
Montmorency Falls
Montreal
Nicolet
Plessisville
Quebec
Ste Anne de la Pérade
St.Félix de Valois
St Gabriel de Brandon
St. Georges de Beauce
St.Hyacinthe
St.Jérome
St-Jean
SteMartine
Shawinigan Falls
Sherbrooke
Sorel
South Durham
Three Rivers
Thurso
Trenholmville
Valleyfield
Warwick
Waterville
Way's Mills

ROBT. BRYDON
CHARTERED STENOGRAPHER
TORONTO - CANADA

Villes et Villages Inscrits

dans le Troisième Ou Quatre

Notre Dame	Ste Anne de la Pérade
Upper Gilly	St.Félix de Valois
Derby	St Gabriel de Brandon
Dartmouth	St. Jean de Dieu
Greenbush	St.Jerome
Cap de la Madeleine	St.Jerome
Bay St-Louis	Terrebonne
Coatsicook	Three Rivers
Somerville	Valleyfield
Dartilla	Varennes
Brownsburg	Very Large
Parnham	Three Rivers
Derby Centre	Thetford
Granby	Thamesville
Mount Albro	Valleyfield
Mars	Varennes
Martinville	Shirley
Joliette	Very's Mills
Lennox Mills	Shirley
Shelburne	Shirley
Immediate Drive	Shirley
Shirley	Shirley
Marineville	Shirley
Berkley	Shirley
Beechwood Falls	Shirley
Dartford	Shirley
Wiscoy	Shirley
Tremonville	Shirley
Shirley	Shirley

DEUXIEME PARTIE

Dans cette deuxième partie de notre étude, nous passons en revue les conditions générales du développement de l'industrie textile primaire dans le Québec. Comme il est impossible dans bien des cas d'établir une ligne de démarcation bien nette entre ce qui se passe dans cette Province et ce qui se passe dans le reste du Canada, nous nous sommes contentés d'indiquer la situation pour l'ensemble du pays. Chaque fois que cela est possible, nous essayons, cependant, de marquer les caractéristiques proprement québécoises de cette industrie. Nous étudions les facteurs qui conditionnent le développement du textile sous les chefs suivants:

1) Approvisionnement en matières premières;
2) Main-d'oeuvre et salaires;
3) Capitaux engagés
4) Etendue du marché intérieur et extérieur
5) Prix de revient et concurrence
6) Politique tarifaire

1 - APPROVISIONNEMENT EN MATIERES PREMIERES

La situation, à ce point de vue, varie d'une industrie à l'autre. On sait que le Canada ne saurait produire une seule livre de coton brut, ni un seul cocon de soie. La géographie en a ainsi décidé pour toujours. Par contre, l'élévage du mouton, quoique peu développé, fournit une partie des laines qu'élaborent les filatures canadiennes, et d'autre part, nos forêts contiennent toutes les essences nécessaires à la fabrication des pâtes de bois utilisées pour la production de la soie artificielle

ROBT. BRYDIE
CHARTERED ACCOUNTANT
WINNIPEG

En 1934, le Canada a importé 143 millions ½ de livres de coton brut, contre 119 millions ½ en 1933. De ce total, les Etats-Unis ont fourni 136 millions ½ de livres et l'Egypte, 6 millions 3/4 au lieu de 116 et 2.8 millions respectivement en 1933. La valeur de ces importations s'élevait à $18,403,000, contre $11,855,000 en 1933. Le Canada a importé en outre des filés de coton pour un total de $2,453,335, au lieu de $2,543,640, en 1933. Une partie seulement de ces importations a été utilisée par l'industrie du coton. D'après le recensement industriel de 1934, l' ensemble de l'industrie cotonnière a consommé 130 millions ½ de livres de coton brut, au lieu de 116 millions 3/4 en 1933. Quant aux filés d'importation, la consommation apparente a été d'environ $600,000. En somme, l'industrie cotonnière ne dépend de l'étranger que pour la matière première initiale.

L'industrie lainière trouve au Canada une partie de sa matière première, mais les laines d'importation australienne et néo-zélandaise tiennent une place plus grande que les laines canadiennes. D'après le recensement de 1934, voici comment se répartissement les quantités de laine brute qui ont servi à la fabrication des tissus de laine.

	Livres		
	Canada	Etranger	Total
Laine en suint	3,294,621.	3,698,320	6,992,981
Laine étirée	1,655,187	1,459,845	3,115,032
Laine lavée	889,576	4,950,496	5,840,072

A la laine brute, il faut ajouter la laine semi-ouvrée importée surtout de Grande-Bretagne. En 1934, le Canada a acheté 8,898,790 livres d'une valeur de $4,433,577; en 1935, 12,062,137 livres, d'une valeur de $5,251,249, mais il est impossible de distinguer celle qui a été employée dans les tissages et celle qui a servi aux usines de tricotage.

L'industrie du tissage de la soie a consommé en 1934, 1,593,254 livres de soie grège, valant $2,371,371, contre 1,460,474 livres, valant $2,579,013 en 1933. Elle a utilisé, en outre, 3,550,385 livres de filés de soie artificielle d'une valeur de $2,629,965, au lieu de 2,260,615 livres d'une valeur de $1,787,927 en 1933. La quasi totalité de ces filés provient des fabriques canadiennes.

Advenant 3.30 hrs P.M., la séance est ajournée pour 10 minutes.

Advenant 3.45 hrs P.M., la séance est reprise.

M. F.A. BEIQUE: Je désirerais comparaître pour Cotton Threads Co. Limited, Montreal.

M. [illegible]: Donnez votre nom.

M. BEIQUE: F.A. Béique, C.R.; vu que la compagnie a été nommée je désirerais être averti si des questions doivent être posées.

M. LE COMMISSAIRE: Vous entendez ce que dit M. Béique, Me Beauregard?

Me BEAUREGARD: Je crois que nous pouvons laisser aller M. Béique. Quand nous ferons l'enquête financière de la compagnie à Ottawa, nous pourrons avertir M. Béique 24 heures ou 48 heures d'avance.

Me ANDRE GEOFFRION: Qu'il plaise à la Cour, on me dit que le témoin en a encore pour trois-quarts d'heure à lire?

M. LE COMMISSAIRE: Vous en avez pour une vingtaine de minutes?

LE TEMOIN: (M. Vézina): Je ne sais pas combien de temps j'ai mis à lire la première partie.

Me GEOFFRION: La Cour siège jusqu'à 4 heures et demie?

Me BEAUREGARD: Cinq heures.

ME GEOFFRION: Je vais rester d'abord.

LE TEMOIN: (M. Vézina) continue la lecture de son travail sur les textiles, interrompue à l'ajournement.

Les industries de la bonneterie et du tricot au Canada consomment à la fois des fibres brutes et des fibres semi-ouvrées. En 1934, voici quelle a été la consommation des matières premières principales:

Coton brut, lb	2,240,258	$ 287,977
Soie Grège, lb	506,678	845,003
Filés de rayonne	2,617,150	1,977,547
Laine en suint, lb	1,908,009	599,975
Laine étirée, lb.	847,797	204,654
Laine lavée, lb.	916,083	232,322
Laine peignée (tops) lb.	2,113,803	989,355

Dans le cas du coton et de la soie grège, il s'agit d'importations étrangères. Pour la laine, la consommation se partage à peu près également entre la laine indigène et la laine importée.

Quant aux matières semi-ouvrées dont ces industries font une grande consommation, elles proviennent surtout des filatures canadiennes, sauf peut-être dans le cas de la laine où la proportion des filés importés de Grande Bretagne est relativement grande. Cette industrie emploie plus de 21 millions 3/4 de dollars de matières premières.

L'approvisionnement de ces diverses matières premières est assuré par des firmes hautement organisées. Ainsi pour leurs achats de laine brute et de peignée (tops), les usines canadiennes s'adressent à des négociants canadiens établis de

ROBT. BAYNE
TORONTO GAMMA

[illegible]

[illegible] à la vue normale d'abord.

[illegible] il y a [illegible] comme on peut le voir sur les tableaux, la croissance à l'égard[illegible] mode.

[illegible] la fabrication de la bonneterie et du tricot en Canada concernent à la fois des fibres brutes et des fibres semi-ouvrées. En 1924, voici quelle a été la consommation des matières premières principales:

Coton brut, lb	5,840,289	$ 897,897
Soie grège, lb	306,670	845,402
Filés de rayonne	3,814,180	1,277,847
Laine en suint, lb	1,906,000	599,695
Laine étirée, lb.	847,727	204,654
Laine lavée, lb.	918,008	580,988
Laine peignée (tops) lb.	3,112,008	986,805

Dans le cas du coton et de la soie grège, il n'existe d'importations étrangères. Pour la laine, la consommation se partage à peu près également entre la laine indigène et la laine importée.

Quant aux matières semi-ouvrées dont ces industries font une grande consommation, elles proviennent surtout des filatures canadiennes, sauf peut-être dans le cas de la laine où la proportion des filés importés de Grande Bretagne est relativement grande. Cette industrie emploie plus de 21 millions [illegible] de [illegible] en matières premières.

L'approvisionnement de ces diverses matières premières se ressent par des fluctuations importantes. Ainsi pour [illegible] de laine brute et de peignée (tops), les usines

longue date, qui sont représentés sur les principaux marchés mondiaux. Ces négociants, qui sont des experts dans leurs branches respectives, sont nombreux au Canada et, par la concurrence qu'ils se font, ils assurent à l'industrie canadienne de bonnes matières premières à des prix qui sont ceux des marchés mondiaux.

Presque tout le coton brut importé au Canada vient des Etats-Unis, où un bon nombre des entreprises cotonnières du Canada maintiennent des bureaux d'achat de coton brut. En général les usines cotonnières du Canada sont intégrés - c'est-à-dire organisées verticalement - elles effectuent toute la série des opérations de transformation depuis la matière première jusqu'au produit fini. Néanmoins, presque toutes vendent des filés de coton aus tissages et tricoteries. La vente de ces filés entraine l'établissement de services de vente et la constitution de stocks de filés dans les grands centres manufacturiers. Ces filés produits et vendus au Canada font concurrence aux filés similaires importés des autres payés. La soie brute utilisée au Canada dans les tissages de soie et les ateliers de bonneterie et tricot est de provenance japonaise, chinoise et italienne, mais le gros de la consommation vient du Japon. La soie du Japon entre au Canada par voie des Etats-Unis - de petites quantités seulement sont expédiées directement au Canada du Japon puis transportées par terre dans les provinces de l'Est - et la plupart des producteurs canadiens sont en relations directes avec les maisons de vente de New-York.

Il n'a été question jusqu'ici que des matières textiles proprement dites - des fibres végétales ou animales qui entrent dans la confection des tissus. Mais songe-t-on aussi à la variété des autres produits qui sont indispensables à l'industrie textile: machines de toutes sortes depuis les plus simples jus-

Presque tout le coton brut importé au Canada vient des États-Unis, où un bon nombre des entreprises commerciales du Canada maintiennent des bureaux d'achat de coton brut. La généralité des usines canadiennes du Canada sont intégrées - c'est-à-dire organisées verticalement - elles effectuent toute la série des opérations de transformation depuis le matière première (balles de coton aux tissus finis et tricotés). La vente de ces fils entraîne l'établissement de services de vente et la constitution de stocks de fils dans les grands centres manufacturiers. Des fils produits et vendus au Canada font concurrence aux fils similaires importés des autres pays. La soie brute utilisée au Canada dans les tissages de soie et les usines de bonneterie et tricot est de provenance japonaise, américaine et italienne, mais la presque de la consommation vient du Japon. La soie du Japon entre au Canada par voie des États-Unis de petites quantités seulement sont expédiées directement au Canada et la plupart des producteurs canadiens sont en relations directes avec les maisons de vente de New-York.

Il n'a été question jusqu'ici que des matières textiles

qu'aux plus compliquées, pièces de rechange, accessoires mécaniques de tous genres, produits chimiques, teintures, huiles et savons, matériel pour l'emballage, force motrice, combustible et fournitures générales diverses. Tout celà, aujourd'hui, est hautement organisé, Dans plusieurs cas, la production de ces fournitures se fait au Canada avec des matières premières et de la main-d'oeuvre canadiennes. C'est le cas notamment de l'industrie chimique établie à Shawinigan Falls. Dans d'autres cas, l'on s'adresse à l'étranger, mais c'est afin d'assurer à l'industrie textile les meilleurs produits du monde. En somme, les tissus modernes sont le produit de nombreuses industries canadiennes, qui, toutes, contribuent au bien-être du Dominion. L'apport de ces industries connexes offre une grande importance pour le Canada. Ainsi, en 1934, l'industrie textile a dépensé $7,885,725 en produits chimiques, teintures, huiles, savons, etc., pour la transformation, le nettoyage, la teinture et l'apprêt de fibres textiles, filés et tissus de tous genres. On estime que ce chiffre est plus élevé en 1935 et 1936.

D'après les statistiques de l'Office fédéral, on constate que sur ce total, l'industrie du coton a pris $2,713,252, celles de la soie et de la rayonne, $2,374,135, celle de la laine cordée et peignée, $1,282,757, la bonneterie et le tricot $730,863, enfin, la teinturerie et les apprêts $784,718.

L'industrie textile canadienne doit livrer au consommateur canadien des tissus qui soutiennent bien la comparaison avec ce qui se fait de meilleur dans le monde, aussi est-il d'une importance exceptionnelle qu'elle ait à sa disposition une grande variété de produits chimiques, teintures, huiles et savons afin de répondre à tous les besoins.

ROBT. BRYDIE
CHARTERED ACCOUNTANT
TORONTO - CANADA

vières, pâtes mécaniques, pâtes de rebuts, accessoires méca-
niques de toute genre, produits chimiques, teintures, huiles e
couleurs, engrais pour l'agriculture, fibres végétales, combustibles
de fabrication générale diverses. Cet actif, estimé à
une fourniture de fait en banque avec des matières premières
et de la main-d'oeuvre canadiennes. C'est le cas notamment de
l'industrie obtenue établie à Chemainus Valley. Dans d'au-
tres cas, les matières à l'étranger, mais plus utile et
supérieur à l'industrie textile les meilleurs produits du monde.
Ce cas, les étapes actuelles sont le produit de
du Dominion. L'apport de ces industries connexes offre une
grande importance pour le Canada. Ainsi, en 1926, l'industrie
textile a dépensé $7,288,788 en produits chimiques, teintures,
huiles, couvre, etc., pour la transformation, le mélange,la
teinture et l'apprêt de fibres textiles, filés et tissus de
toute genre. On estime que ce chiffre est plus élevé en 1927
qu'en 1926.

D'après les statistiques de l'Office fédéral, on constate
que sur ce total, l'industrie du coton a pris $3,713,888, cel-
les de la soie et de la rayonne, $1,374,100, celle de la laine
cardée et peignée, $1,888,787, la bonneterie et le tricot $750,
869, enfin, la teinturerie et les apprêts $786,718.

L'industrie textile est étroitement liée à la fabri-
cation des tissus qui contiennent bien la comparaison avec
ce qui se fait de meilleur dans le monde, quand on sait d'une
façon exacte de quelle matière première, teinture, huiles et ac-
cessoires il faut se servir pour les fabriquer.

Depuis quelques années, il s'est développé en territoire canadien une industrie importante pour la fabrication des savons, des huiles et des produits chimiques, spécialement pour l'industrie textile. Les principaux producteurs de teintures d'Allemagne, de Suisse, de Grande-Bretagne et des Etats-Unis ont des laboratoires, des entrepôts et des agences de vente au Canada. Le grand nombre des firmes qui se concurrencent assure aux industriels canadiens du textile un choix assez grand de produits. Cela signifie aussi que le consommateur canadien bénéficie de tout le travail de recherche qui s'effectue dans les laboratoires du monde entier en matière de teinture. Tout nouveau produit lancé en Allemagne, en Suisse, en Angleterre ou aux Etats-Unis apparait aussitôt sur le marché canadien. Ajoutons que les grands producteurs de teinture étrangère mettent à la disposition des industries textiles canadiennes un service de techniciens chargés de les guider dans l'emploi des diverses teintures.

L'industrie textile canadienne consomme aussi de grandes quantités de matériel d'emballage, depuis les lourdes caisses qui servent à l'expédition des filés et des tissus en pièces jusqu'aux boites de fantaisie et aux emballages transparents employés pour les produits destinés au commerce de détail. En 1934, l'industrie textile a dépensé $1,585,381 de matériel d'emballage, dont 49 p.c. pour la bonneterie et le tricot, 29 p.c. pour le coton, 9 et 12 p.c. respectivement pour la laine et la soie.

Les industries canadiennes qui alimentent ce marché, trouveront là un débouché grandissant, d'abord par suite du développement même de l'industrie textile primaire et aussi à cause de l'orientation actuelle des méthodes de présentation et d'emballage dans le commerce de détail.

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Depuis quelques années, il s'est développé en territoire
[illegible] une industrie importante pour la fabrication des se-
[illegible], des moulins et des pivots électriques, spécialement pour
l'industrie textile. Les principaux producteurs de teintures
d'Allemagne, de Suisse, de Grande-Bretagne et des Etats-Unis
ont des laboratoires, des entrepôts et des agences de vente au
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[illegible]
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[illegible]
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jusqu'aux boîtes de fantaisie et aux emballages transparents
employés pour les articles utilisés au comptoir de vente. En
1954, l'industrie textile a dépensé $1,350,000 de matériel
d'emballage, dont 49 p.c. pour la bonneterie et le tricot, 39
p.c. pour le coton, 9 et 12 p.c. respectivement pour la laine
et la soie.

Les industries canadiennes qui alimentent ce marché, trou-
veront là un débouché grandissant, d'abord par suite du déve-
loppement même de l'industrie textile primaire et aussi à cause
de l'orientation actuelle des méthodes de présentation et d'em-
ballage dans le commerce de détail.

En 1934, pour ses besoins de force motrice et d'éclairage, l'industrie textile canadienne a acheté pour $2,746,360 de courant électrique, Si l'on tient compte des installations électriques privées, cela constitue une consommation remarquable et qui range l'industrie textile parmi les plus gros clients des producteurs d'électricité, L'industrie du coton, qui emploie un outillage lourd pour ouvrir, battre, filer et tisser, représente 64 p.c. de ce total. Vient ensuite, la soie avec 14 p.c., puis la laine, 11 p.c., la bonneterie et le tricot, 8 p.c.

L'industrie textile, chose curieuse, dépense presque autant pour son charbon que pour son électricité, Le charbon, dans cette industrie sert à la production de vapeut qu'on utilise pour le chauffage des usines et des opérations diverses. En 1934, on a dépensé $2,186,706 de charbon, dont 33 p.c. pour l'industrie cotonnière, 25 p.c. pour celle de la laine, 22 p.c. pour celles de bonneterie et de tricot, 10 p.c. pour celle de la soie naturelle et artificielle, et 8 p.c. pour les usines qui se spécialisent dans teinture et l'apprêtage.

Il convient d'ajouter que l'importation de ces matières premières procurent aux chemins de fer canadiens et aux entreprises de camionnage un tonnage très considérable.

Les produits finis constituent aussi un fret important. Une enquête faite en 1932 sur le tonnage des entrées et des sorties de marchandises par fret dans le cas d'une usine de tissus de laine cardée, une usine de tissus de laine cardée et peignée et d'une usine de fabrication de tapis - révèle que les entrées se chiffrent par 23,082,214 lb de matières premières, combustible, huiles, savons, produits chimiques, machines, etc., et les sorties de marchandises par 1,829,773 lbs.

Les entrées de marchandises aux trois usines en question étaient donc 13 fois plus pondéreuses.

Supprimons l'industrie textile, et nos entreprises de transport n'auraient eu à transporter que les produits finis importés et elles auraient perdu tout le transport des matières premières.

Voici quelques chiffres de 1932 sur le tonnage des marchandises transportées pour l'industrie textile primaire:

Charbon	350,411 tonnes
Coton	250,000 balles de 500 lb
Laine	45,000.000 lb
Soie	2,500,000 lb
Soie artificielle (Ontario)	4,172 tonnes de pâte de bois
	12,000 " produits chimiques

L'EMPLOI ET LES SALAIRES

L'industrie textile tient une place très importance sur le marché du travail au Canada. En juillet 1936, d'après l'Office fédéral de la Statistique, elle comptait pour 18.8 p.c. des emplois de l'industrie manufacturière. Dans la Province de Québec, le pourcentage, à la même date, atteignait 28.6 p.c.; Ontario 17 p.c., Provinces Maritimes, 11 p.c.; la Prairie 6.6.p.c. et la Colombie 2.7 p.c. Nous avons montré, dans la première partie que pour des centres industriels très nombreux, l'industrie textile primaire, à elle seule, est la source de travail la plus considérable, fournissant, dans certains cas, 60, 70,80 et 90 p.c. des emplois disponibles dans l'industrie manufacturière locale. Ce que nous n'avons pas montré,c'est que cette industrie fournit des emplois constants et relativement plus stables, que les crises l'atteignent moins profondément que les autres industries,que les fluctuations saisonnières y sont moins accentuées. Nous empruntons au Manual of the Textile Industty, édition 1936,le tableau suivant qui donne la marche de l'emploi dans l'industrie textile primaire de 1924 à 1935:

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MOYENNE ANNUELLE DE L'EMPLOI ET MONTANT DES SALAIRES ET GAGES PAYES DANS LES INDUSTRIES PRIMAIRES TEXTILES AU CANADA, DE 1924 à 1934 INCLUSIVEMENT
(Compilé d'après les relevés de l'Office fédéral de la Statistique)

ANNEE	Total		Coton		Bonneterie et tricot	
	Nombre d'employés	Salaires et Gages	Nombre d'employés	Salaires et Gages	Nombre d'employés	Salaires et Gages
		$		$		$
1924	42,775	32,622,983	19,893	13,750,713	13,508	10,796,523
1925	45,758	35,506,222	22,010	14,749,341	14,221	11,480,054
1926	49,801	40,206,551	22,010	16,816,512	15,835	12,874,770
1927	52,981	44,526,414	23,175	18,867,621	16,732	13,780,024
1928	55,480	47,876,959	23,449	19,481,407	17,591	14,750,894
1929	56,246	48,637,326	22,087	18,550,186	19,048	15,873,511
1930	51,783	42,912,549	18,590	14,561,949	18,165	14,745,113
1931	51,571	43,155,484	17,577	13,987,990	17,698	13,948,570
1932	51,855	41,423,106	16,818	13,161,177	17,655	13,474,974
1933	54,556	41,736,951	17,885	13,221,729	17,159	12,610,093
1934	59,755	46,882,153	20,029	15,407,351	17,978	13,565,616

ANNEE	Laine		Soie & Rayonne		Teinture et Apprêts	
	Nombre d'employés	Salaires et Gages	Nombre d'employés	Salaires et Gages	Nombre d'employés	Salaires et Gages
1924	8,164	7,097,261	1,810	978,686	-------	--------
1925	7,800	6,911,970	1,727	1,364,857	-------	--------
1926	8,019	6,939,144	2,423	1,985,000	-------	--------
1927	7,958	7,128,274	2,890	2,339,971	786	851,537
1928	8,247	7,684,079	3,933	3,441,549	930	986,013
1929	8,404	7,847,801	4,372	3,825,796	967	1,021,752
1930	7,710	6,812,507	5,393	4,718,590	847	891,822
1931	8,208	7,425,635	6,273	5,758,995	847	945,002
1932	8,586	7,121,340	7,036	5,756,865	762	804,100
1933	9,632	7,884,386	7,801	6,138,532	864	854,751
1934	10,636	8,459,839	9,220	7,535,972	940	931,721

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ANNEE	Cordages, câbles & Ficelle: Nombre D'employés	Salaires et Gages
1924	-------	$ ----------
1925	-------	----------
1926	1,514	1,591,125
1927	1,440	1,558,987
1928	1,330	1,533,017
1929	1,368	1,518,280
1930	1,058	1,182,568
1931	968	1,089,292
1932	998	1,104,650
1933	1,015	1,027,460
1934	952	981,653

Si l'on faisait un graphique des fluctuations de l'indice de l'emploi dans le textile et dans l'ensemble des industries canadiennes de 1921 à 1934, on verrait que la première courbe, celle du textile, présente des variations beaucoup moins marquées. L'industrie textile n'a pas vu grimper son indice de l'emploi aussi haut que celui des autres industries pendant la période de grande prospérité de 1925 à 1930, mais durant les périodes de dépression, cet indice est demeuré supérieur à celui des autres industries. Sans doute l'industrie textile n'a-t-elle pu résister aux forces de la dépression mondiale - dont les effets se sont fait sentir dès 1929 sur la situation économique générale du Canada - mais la baisse de l'indice a été moins considérable. Le relèvement, de même, y semble plus rapide. A partir de 1933, on constate dans le textile une tendance très nette à l'augmentation des effectifs ouvriers, grâce à l'amélioration générale des affaires dans le Dominion.

Au premier novembre 1935, l'indice atteignait 118.9 (contre 100 en 1926) et au 1er avril 1936, il était encore à 118.7. Cet indice est calculé d'après les rapports fournis par près de 1,000 fabricants ayant à leur emploi 110,500 personnes. Il s'agit de toute l'industrie, primaire et secondaire.

Le tableau suivant parle de lui-même. Il donne l'indice de l'emploi de l'Office fédéral de la Statistique pour l'industrie de la filature et du tissage de la laine et pour celles de la bonneterie et du tricot, depuis six ans.

(1926 - 100)

	Toutes Industries	Fils, Filés et Tissus	Bonneterie et Tricot
1930	113.4	97.6	107.7
1931	102.5	99.1	105.2
1932	87.5	104.9	108.8
1933	83.4	105.7	108.8

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Il l'on a fait un graphique des fluctuations de l'indice de l'emploi dans le textile et dans l'ensemble des industries canadiennes de 1921 à 1934, on verrait que la première courbe, celle du textile, présente des variations beaucoup moins marquées. L'industrie textile n'a pas vu grimper son indice de l'emploi aussi haut que celui des autres industries pendant la période de grande prospérité de 1928 à 1930, mais durant les périodes de dépression, cet indice est demeuré supérieur à celui par notre industrie. Une fois l'industrie textile rétablie par rapport aux forces de la dépression mondiale - dont les effets ne sont fait sentir dès 1930 sur la situation économique générale du Canada - mais le palmes de l'indice a été moins considérable. Le relèvement, de même, y semble plus rapide. A partir de 1933, on constate dans le textile une tendance à l'amélioration générale des affaires dans le Dominion.

De 1921 (année moyenne 100) l'indice grimpait jusqu'à 119.4 (année 100 en 1926) et en fin avril 1926, il était encore à 118.7. Cet indice est calculé d'après les rapports fournis par près de 1,000 fabriquants ayant à leur emploi 110,000 personnes. Il s'agit de toute l'industrie, primaire et secondaire.

Le tableau suivant parlede lui-même. Il donne l'indice de l'emploi de l'Office fédéral de la Statistique pour l'industrie de la filature et du tissage de la laine et pour celles de la bonneterie et du tricot, depuis six ans.

(1926 = 100)

	Tricot	Filés, Tissés	Ensemble
1926	100.0	100.0	100.0
1927	97.4	101.7	100.2
1928	99.4	104.7	103.6
1929	99.4	104.7	103.6
1930	94.4	98.4	97.2
1931	89.4	94.0	92.4
1932	89.4	94.0	92.4
1933	89.4	94.0	92.4
1934	89.4	94.0	92.4

1934	96.0	121.9	116.4
1935	99.4	127.4	118.5

L'analyse des statistiques officielles révèle que l'amélioration générale constatée dans l'activité industrielle au Canada s'est accompagnée d'une reprise encore plus marquée dans l'industrie textile considérée dans son ensemble. Cela s'explique par le caractère essentiel des besoins auxquels répond l'industrie textile.

Les fluctuations mensuelles de l'indice de l'emploi dans l'industrie textile font voir que le maximum d'activité, depuis 1920, s'y manifeste à la fin de l'automne et au début du printemps, novembre ou décembre avril ou mai, La morte-saison, invariablement, coincide avec le mois de janvier, sauf de rares exceptions.

Pour la période 1921-1935, l'écart entre l'indice mensuel moyen le plus bas et l'indice mensuel moyen le plus haut est d d'environ 12.5 p.c. L'indice mensuel moyen le plus bas a été de 92.3 et l'indice mensuel moyen le plus haut de 103.8.

Pour l'ensemble des industries manufacturières, - au cours de la même période, on relève un écart de 14.4 p.c. Cela encore prouve que l'emploi présente un peu plus de stabilité dans le textile que dans les autres branches industrielles, ce qui ne doit pas faire oublier totalement un certain caractère saisonnier de l'industrie textile Ce caractère toutefois est évidemment plus marqué dans le groupe secondaire que dans le groupe primaire.

Un autre caractère de l'industrie textile, c'est qu'elle emploie un très fort pourcentage de femmes. En 1934, l'ensemble des industries textile comptaient un effectif de 46,128 ouvriers et 57,276 ouvrières, soit respectivement 44,61 et 55.39 p.c. du total. Dans le groupe primaire, la part du tra-

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1924	86.0	117.9	118.4
1925	90.4	127.4	118.3

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core plutôt que l'emploi présente un peu plus de stabilité dans

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sonnier de l'industrie textile. Ce caractère particulier est é-

videmment plus marqué dans le groupe secondaire que dans le

groupe primaire.

De même remarque en l'absence [illegible] l'emploi

emploie un très fort pourcentage de femme. En 1924, l'numéro-

pie des industries textile comptaient un effectif de 46,108

ouvrières et 53,298 ouvriers, soit respectivement 19.1

et 22.1 p.c. du total. Dans le groupe primaire, la part du tra-

vail des femmes est moindre, 30,462 ouvriers et 25,836 ouvrières, soit 54.11 et 45.89 p.c. respectivement. Ces pourcentages varient assez sensiblement, selon la nature des travaux ou opérations à effectuer. C'est la bonneterie et le tricot qui emploient proportionnellement le plus de main-d'oeuvre féminine, soit, en 1934, 10.687 ouvrières sur un effectif total de 16,510 ou 64.73 p.c. La filature de la laine en compte 51.31 p.c. et le tissage, 40.87 p.c.; pour la soie et la soie artificielle, la proportion est de 40.94 p.c.; au dernier rang viennent la filature et le tissage du coton avec 35.70 p.c. de femmes.

Dans la Province de Québec, en 1934, le pourcentage de la main-d'oeuvre féminine est légèrement moindre que pour le Canada tout entier; il atteint 54.32 p.c. au lieu de 55.39 p.c. pour l'ensemble des industries textiles; 40.64 p.c. au lieu de 45.89 p.c. pour le groupe primaire; 60.96 p.c. au lieu de 64.73 p.c. pour la bonneterie et le tricot; 21.26 p.c. au lieu de 51.31 p.c. pour la filature de la laine, mais 44.30 p.c. au lieu de 40.87 p.c. pour le tissage; 37.74 p.c. au lieu de 40.94 p.c. pour la soie et la soie artificielle; enfin 34.42 p.c. au lieu de 35.70 p.c. pour la filature et le tissage du coton.

C'est là un phénomène très intéressant, qui montre bien le caractère complémentaire des industries textiles par rapport à la structure industrielle générale du pays.

Salaires

Les salaires dans l'industrie textile canadienne ne sont ni hauts ni bas. Ils soutiennent bien la comparaison avec ceux de l'industrie canadienne en général, surtout si l'on tient compte du pourcentage plus élevé de main-d'oeuvre féminine qui y est engagée. En 1934 le groupe primaire du textile a versé à 86,298 ouvriers et ouvrières, $39,408,417 soit un peu moins de

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vail des femmes est moindre, 30,462 ouvrières et 28,850 ouvrières, soit 51.11 et 48.89 p.c. respectivement. Ces pourcentages varient assez sensiblement, selon la nature des travaux en opérations à effectuer. C'est la bonneterie et le tricot qui emploient proportionnellement le plus de main-d'oeuvre féminine, soit, en 1934, 10,887 ouvrières sur un effectif total de 16,510 ou 64.75 p.c. La filature de la laine en compte 51.31 p.c. et le tissage, 40.87 p.c.; pour la soie et la soie artificielle, la proportion estde 40.04 p.c.; au dernier rang viennent la filature et le tissage du coton avec 30.70 p.c. de femmes.

Dans la Province de Québec, en 1934, le pourcentage de la main-d'oeuvre féminine est légèrement moindre que pour le Canada tout entier; il atteint 54.58 p.c. au lieu de 56.30 p.c. [illegible] 48.89 p.c. pour le groupe primaire; 30.38 p.c. au lieu de 64.75 p.c. pour la bonneterie et le tricot; 51.86 p.c. au lieu de 51.31 p.c. pour la filature de la laine, mais 44.30 p.c. au lieu de 40.87 p.c. pour le tissage; 37.74 p.c. au lieu de 40.04 p.c. pour la soie et la soie artificielle; enfin 30.42 p.c. au lieu de 30.70 p.c. pour la filature et le tissage du coton.

C'est là un phénomène très intéressant, qui montre bien le caractère complémentaire des industries textiles par rapport à la structure industrielle générale du pays.

[illegible] 56,908 ouvrières et ouvrières, $30,408,417 soit un peu moins de

$700. Dans la province de Québec, la moyenne du salaire annuel la même année, était de $675. soit une différence en moins d'environ 3.5. p.c.

On note des différences assez sensibles d'une industrie à l'autre. En 1934, les ouvriers des filatures et tissages de coton ont reçu en moyenne $718. au lieu de $686, $725, $732 et $771 respectivement pour les années 1933, 1932, 1931 et 1929. Dans le tissage de la laine la moyenne a été de $686. au lieu de $702, $728, $800 et $839 pour les années 1933, 1932, 1931 et 1929. Dans la filature et la laine, le niveau moyen en 1934 n'est que de $611, contre $628, $615, $647 et $644, les années 1933, 1932, 1931 et 1929. Ce niveau se relève avec l'industrie de la soie, où la moyenne de 1934 est de $719. contre $676, $720, $802 et $787 en 1933, 1932, 1931 et 1929. La bonneterie et le tricot ont versé un salaire moyen, en 1934, de $662, contre $641 $661, $689 et $743, en 1933, 1932, 1931 et 1929 respectivement.

Dans la province de Québec, le niveau moyen est plus bas. Voici comment la comparaison s'établit pour l'année 1934.

	Québec	Canada
Filés et tissus de coton	$ 705	$ 718
Tissus de laine	555	686
Filés de laine	524	611
Soie et soie artificielle	660	719
Bonneterie et tricot	617	662

Ces chiffres que nous fournissent les recensements annuels de l'industrie ont une valeur restreinte, Ils ne sauraient nous édifier sur le niveau réel des salaires, car ils ne tiennent pas compte du nombre de jours de travail par année. Ils comprennent ceux qui ont travaillé tout le temps et ceux qui n'ont travaillé qu'une partie du temps, et ils ne font pas de distinction entre les hommes et les femmes, les ouvriers et ouvrières qualifiées et les simples apprentis.

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Toile et tissus de coton	$ 705	$ 718
Tissus de laine	505	866
Toiles de laine	524	811
Soie et soie artificielle	660	713
Bonneterie et tricot	617	662

Ces chiffres que nous fournissent les recensements annuels de l'industrie ont une valeur restreinte. Ils ne suffisent nous édifier sur le niveau réel des salaires, car ils ne tiennent pas compte du nombre de jours de travail par année. Ils englobent ceux qui ont travaillé tout le temps et ceux qui n'ont travaillé qu'une partie du temps, et ils ne font pas de distinction entre les hommes et les femmes, les ouvriers et ouvrières qualifiés et les simples apprentis.

Si l'on examine les rapports fournis par les vérificateurs à la Commission Royale d'enquête sur les écarts des prix, voici les taux horaires de salaires payés dans l'industrie textile primaire en février 1934, dans la Province de Québec et dans l'ensemble du Canada.

C A N A D A

	Hommes adultes	Femmes adultes	Hommes moins de 21 ans	Femmes moins de 21 ans	Tous
Coton	31.01	22.75	18.24	17.23	26.64
Laine	34.96	24.74	19.08	18.37	29.37
Soie	29.37	21.36	16.61	15.52	24.45
Rayonne	38.99	25.04	23.31	20.17	33.32
Tricot	36.62	25.72	18.79	18.28	29.02
Bonneterie	40.56	25.09	21.11	17.52	29.95

Pourcentage des ouvriers de chaque groupe

	%	%	%	%
Coton	55.0	31.1	11.0	2.9
Laine	51.0	38.8	6.1	4.0
Soie	46.1	42.0	8.6	3.3
Rayonne	62.0	25.5	7.6	4.9
Tricot	35.1	57.7	4.3	3.9
Bonneterie	35.2	53.7	7.0	4.1

Q U E B E C

	Hommes adultes	Femmes adultes	Hommes moins de 21 ans	Femmes moins de 21 ans	Tous
	cents par heure				
Coton	30.04	21.66	17.40	16.20	25.49
Laine	31.37	20.07	16.17	15.76	24.72
Soie	28.46	19.67	15.73	14.38	23.46
Rayonne	35.10	24.90	21.47	17.83	30.81
Tricot	29.46	21.11	14.62	15.48	-----
Bonneterie	37.43	23.18	18.81	17.37	25.95

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Pourcentage d'ouvriers de chaque groupe

	%	%	%	%
Coton	54.2	29.9	12.9	3.0
Laine	46.5	39.0	10.0	4.5
Soie	49.1	38.6	9.2	3.1
Rayonne	63.3	23.9	7.6	2.9
Tricot	41.1	49.5	7.1	2.3
Bonneterie	37.2	31.5	8.1	3.2

Les salaires payés dans la Province de Québec sont plus bas que ceux des autres provinces, comme l'indique le tableau suivant des taux horaires moyens pour les diverses industries textiles primaires, tels qu'ils ressortent de l'Enquête sur les Ecarts des Prix (février 1934)

Taux horaires moyens

	Ontario	Québec	Autres provinces	Canada
	¢	¢	¢	¢
Coton	29.02	25.49	30.85	26.64
Laine	30.31	24.72	30.07	29.37
Soie	28.61	23.56	----	24.45
Rayonne	37.63	30.81	----	33.32
Bonneterie	32.16	27.95	24.82	29.95
Tricot	31.03	23.95	26.98	29.02

L'écart d'une province à l'autre est assez prononcé; il varie de 12½ à 13 p.c., suivant la nature de l'industrie. L'enquête sur l'écart des Prix a montré qu'il y a un écart assez sensible entre les divers centres industriels, comme le fait voir le tableau suivant du salaire horaire régional:

Les salaires payés dans la Province de Québec sont plus bas que dans les autres provinces, sauf l'Ontario. Le tableau suivant des taux horaires moyens pour les diverses industries textiles primaires, tels qu'ils ressortent de l'Enquête sur les Gains des Prix (février 1934)

Taux horaires moyens

Bonneterie	29.02	23.42	30.83	18.04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tapisserie	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tricots	31.03	23.23	28.38	23.02

L'écart d'une province à l'autre est assez prononcé; il varie de 15¢ à 15 p.c., suivant la nature de l'industrie. L'application sur l'ensemble des [illegible] de l'I.C.A. a eu [illegible] entre elles des diverses industries, comme le fait voir le tableau suivant du salaire horaire régional:

Villes de	Québec ¢	Ontario ¢
5,000 habitants ou moins	23.00	29.36
5,000 à 15,000	26.06	27.96
15,000 à 50,000	25.84	30.76
50,000 à 250,000	29.40	33.59
250,000 et plus	26.40	33.74

Ici les différences d'une région à l'autre dépendent évidemment du caractère des industries de chaque région et de la nature différente de leur production.

SALAIRE MINIMUM DES FEMMES

Dans la Province de Québec--comme d'ailleurs dans toutes les provinces--il existe une législation sur le salaire minimum des femmes. L'échelle actuelle est la suivante:(1er août 1935)

	A Montréal	En dehors de Montréal
65% des femmes	25¢	21¢ par heure
25% des femmes	19¢	17¢ "
10% des femmes	14 1/2¢	12 1/2¢ "

Cette échelle équivaut à un salaire de $10.78 et $9.19 par semaine de 48 heures.

Si l'on prend la moyenne réelle du salaire hebdomadaire des femmes dans l'industrie textile en 1935, on trouve, sur la base d'une semaine complète, $13.27 à Montréal et $11.18 en dehors. Cette moyenne est d'ailleurs plus élevée que cette de l'ensemble des industries du Québec, qui atteint $12.78 à Montréal, et $10.27 en dehors de Montréal. Ainsi, au cours de 1935, les femmes ayant un emploi dans le textile (confection non comprise) touchaient en moyenne 49¢ de plus par semaine à Montréal et 91¢ de plus dans le reste de la Province, que la moyenne touchée par les femmes dans toute l'industrie manufacturière du Québec.

Il s'agit là du salaire de base, Chaque fois qu'une in-

	$	$
5,000 habitants ou moins	28.00	28.36
5,000 à 15,000	26.04	27.06
15,000 à 30,000		
30,000 à 100,000		
250,000 et plus	26.60	28.74

Ici les différences d'une région à l'autre dépendent évidemment du caractère des industries de chaque région et de la nature différente de leur production.

les provinces--il existe une législation sur le salaire minimum des femmes. L'échelle actuelle est la suivante:(1er août 1935)

65% des femmes	22¢	22¢ par heure
10% des femmes	14½¢	15½¢ "

Cette échelle équivaut à un salaire de $10.78 et $9.19 par semaine de 49 heures.

Si l'on prend la moyenne réelle du salaire hebdomadaire des d'une semaine complète, $13.27 à Montréal et $11.18 en général. Cette moyenne est d'ailleurs plus élevée que celle de l'ensemble des 4 industries du Québec, qui atteint $12.78 à Montréal, et $10.27 en général de Montréal. Ainsi, en 1935, les femmes ayant un emploi dans le textile (confection non comprise) touchaient en moyenne 49¢ de plus par semaine à Montréal et 91¢ de plus dans le reste de la Province, que la moyenne touchée par les femmes dans toute l'industrie manufacturière du Québec.

Il s'agit là du salaire de base. Chaque fois qu'une in-

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dustrie travaille 48 heures par semaine ou plus, le salaire réel est égal ou supérieur au salaire de base. Si l'industrie ne produit qu'une partie du temps, le salaire de la semaine se trouve diminué d'autant. En 1935, les femmes n'ont travaillé en moyenne dans l'industrie textile que 39 heures par semaine à Montréal, et 45 heures par semaine en dehors de Montréal. Par suite les ouvrières ont gagné moins chaque semaine. La moyenne réellement gagnée a été la suivante:

		Montréal	En dehors de Montréal
Textile	Semaine complète	$ 13.27	$ 11.18
	Semaine réelle	9.40 (39 heures)	9.67 (45 heures)
Toutes industries du Québec	Semaine réelle	11.00	9.07

Résultat: au lieu que les ouvrières en textile aient gagné plus que la moyenne pour toutes les industries--comme cela devrait être normalement--la réduction du nombre d'heures de travail a abaissé le salaire hebdomadaire moyen un peu au-dessous du niveau général des salaires à Montréal, tandis qu'il resterait nettement au-dessus en dehors de Montréal.

PROPORTION DES SALAIRES DANS LA VALEUR NETTE DES PRODUITS

Le revenu que doit répartir tout industriel est la valeur que la fabrication ajoute à la valeur des mâtières premières, la valeur créée par l'usine, ou valeur nette de la production, Celle-ci s'obtient en soustrayant le coût des matières premières, y compris le combustible et la force motrice de la valeur des produits (prix de vente). C'est cette différence que l'industriel emploie pour payer la main-d'oeuvre même, les frais généraux,

l'intérêt et les profits. Cette valeur ne représente dont pas le profit du fabricant, mais la somme d'argent qu'il a à distribuer après avoir payé ses matières premières.

La proportion de ce montant qu'on verse directement en salaires d'atelier constitue un indice du degré d'aptitude des industries à faire vivre les ouvriers. Dans l'industrie textile la part de ce revenu qui prend la forme de salaires aux ouvriers est grande et, en 1934, il n'y avait qu'une seule industrie qui en employait en salaires une plus forte proportion, Pour l'ensemble des industries canadiennes, le pourcentage s'établissait à 30 p.c. tandis qu'il atteignait 44 p.c. dans l'ensemble du textile. Voici les pourcentages pourchaque groupe de l'industrie primaire.

	%
Filés et tissus de coton	48
Bonneterie et tricot	49
Tissus de laine	51
Filée de laine	46
Soie et soie artificielle	39

Dans le cas de la soie et soie artificielle, il faut remarquer que ce groupe comprend deux producteurs de filés de soie artificielle--dont les opérations sont, pour une grande partie, chimiques et non textiles.

Voici les pourcentage pour les divers groupes d'industries d'après les chiffres fournis par l'Office Fédéral de la Statistique.

Proportion de la valeur nette de la production versée en salaires au Canada, 1934

	%
Produits d'origine végétale	22
Produits d'origine animale	38

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l'intérêt et les profits. Cette valeur ne représente donc pas le profit du fabricant, mais la somme d'argent qu'il a à débourser après avoir payé ses matières premières.

Lorsque l'entière capacité de [illegible] est [illegible]
la part de ce revenu qui prend la forme de salaires aux ouvriers est grande et, en 1924, il n'y avait qu'une seule industrie qui employait en salaires une plus forte proportion. Pour l'ensemble des [illegible], la proportion s'établissait à 50 p.c. tandis qu'elle atteignait 44 p.c. dans l'ensemble du textile. [illegible]
très grossier.

Fibre et tissus de coton	49
[illegible]	44
Tissus de laine	51
[illegible]	44
Soie et soie artificielle	39

Dans le cas de la soie ou soie artificielle, il faut remarquer que ce groupe comprend deux productions de fibre de soie artificielle--dont les opérations sont, pour une grande partie, chimiquement non textiles.

Voici les pourcentages pour les divers groupes d'industries d'après les chiffres fournis par l'Office Fédéral de la Statistique.

Proportion de la valeur nette
de la production versée en
[illegible], [illegible]
Produits d'origine végétale
Produits d'origine animale

Textiles et leurs dérivés	44
Bois et ses dérivés	36
Fer et ses dérivés	47
Métaux non-ferreux	21
Minéraux non-métalliques	25
Produits chimiques	17
Industries diverses	58
Centrales électriques	9
Toutes industries	30

3.- CAPITAUX ENGAGES

Les deux tableaux d'ensemble de la première partie font voir l'importance des capitaux engagés dans l'industrie textile primaire au Canada et dans la Province de Québec, soit 237 et 113 millions de dollars respectivement, ce qui représente 5.04 p.c. et 6.73 p.c. respectivement des capitaux engagés dans l'ensemble des industries manufacturières.

La répartition de ces capitaux est assez inégale entre les diverses branches de l'industrie textile primaire, ainsi que le montre le tableau suivant

Capital engagé dans l'industrie textile primaire au Canada et dans la Province de Québec, 1934

(d'après l'Office Fédéral de la Statistique)

	Québec		Canada	
	Etablissements	Capital	Etablissements	Capital
Filés et tissus de coton	16	51,439,412	36	75,889,237
Filés de laine	3	1,185,550	34	8,459,065
Tissus de laine	19	4,357,628	36	20,483,554
Soie et soie artificielle	19	23,442,426	29	34,192,892
Bonneterie et tricot	23	13,283,434	167	49,446,649

Le capital moyen par établissement fournit des indications

Les deux tableaux d'ensemble de la première partie font voir l'importance des capitaux engagés dans l'industrie textile primaire au Canada et dans la Province de Québec, soit $227 et 112 millions de dollars respectivement, ce qui représente [illegible] l'ensemble des industries manufacturières.

La répartition de ces capitaux est assez intégrée entre les diverses branches de l'industrie textile primaire, ainsi que le montre le tableau suivant

[illegible] primaire au Canada et dans la

(d'après l'Office fédéral de la Statistique)

[illegible] et tissus de coton	10	81,459,412	36	75,888,587
Fils de laine	3	1,189,500	34	6,489,088
Tissus de laine	19	4,587,889	36	20,462,184
[illegible] et soie artificielle	10	28,448,456	30	34,182,088
[illegible] et tricot	83	13,883,454	107	49,446,840

intéressantes sur l'organisation des diverses branches de l'industrie et les différences que celles-ci présentent dans le Québec par comparaison avec l'ensemble du Canada. En 1934, dans l'industrie cotonnière, le capital moyen par établissement s'élève à $2,191,379 pour tout le Canada et à $3,218,088 pour le Québec. Dans le cas des filés de laine, le capital moyen ressort à $248,796 et $395,186 respectivement. Pour les tissages de laine, on obtient, la même année, $519,357 pour l'ensemble du Canada et $228,296 pour le Québec. Le capital moyen engagé dans la soie et la soie artificielle est de $1,179,065 au Canada et de $1,233,812 dans le Québec. Enfin, chaque usine canadienne de bonneterie et de tricot compte un capital moyen de $296,088 etchaque usine du Québec, $251,584.

De ces chiffres on peut déduire deux choses. En premier lieu que l'industrie du coton et celle de la soie (surtout de la soie artificielle) comportent des ateliers plus concentrés, de plus grandes dimensions, relativement partout, que celles de la filature et du tissage de la laine ainsi que du tricot et de la bonneterie. Ces dernières sont plutot de la petite et moyenne industrie que de la grande, encore qu'une analyse plus poussée des statistiques y révèle la présence de grandes usines. En second lieu, la production textile du Québec--sauf la bonneterie et le tricot et le tissage, de la laine--semble se faire dans des usines de plus grandes dimensions, des usines plus consentrées que ce n'est le cas dans l'ensemble du pays. Cela est particulièrement remarquable dans la filature et le tissage du coton où le capital moyen, dans notrenprovince, offre un écart de 46.87 p.c. en plus par rapport à l'ensemble de l'industrie cotonnière canadienne.

La comparaison dubcapital moyen par employé dans les diverses branches de l'industrie textile, tant dans le Québec que

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un écart de 16.87 p.c. ou plus par rapport à l'ensemble de

dans tout le Dominion conduit à des constatations intéressantes. Voici comment, en 1934, s'établissait le capital moyen par ouvrier, d'après les chiffres de l'Office fédéral de la statistique:

Capital moyen par ouvrier

	Québec	Canada
Filés et tissus de coton	$4,514	$4,335
Filés de laine	3,001	3,691
Tissus de laine	3,511	3,719
Soie et soie artificielle	3,969	4,116
Bonneterie et tricot	2,725	2,995

On voit par ce tableau que chaque branche d'industrie ne fait pas une place égale à la main-d'oeuvre en fonction du capital. C'est l'industrie du coton qui emploie le plus de capital par ouvrier; elle est suivie de l'industrie de la soie, puis du tissage de la laine, de la filature de la laine et, enfin, de la bonneterie et du tricot. La constatation est la même pour le Québec et pour tout le Canada.

Si, d'autre part, on compare la situation non plus d'une industrie à l'autre, mais dans une même industrie, d'une région à l'autre du pays, on constate que la Province de Québec emploie relativement moins de capital que le reste du Canada, sauf dans le cas de l'industrie cotonnière. Dans le tableau qui précède, si les usines du Canada et les usines du Québec employaient la même proportion de main-d'oeuvre que de capitaux, les chiffres des deux colonnes seraient identiques. Les différences ne sont pas toujours considérables, elles suffisent à marquer l'orientation de chaque branche d'industrie dans les diverses parties du Canada.

Il importe aussi de montrer la productivité de l'industrie textile en fonction du capital engagé, Le tableau suivant don-

ne la production obtenue pour chaque dollar de capital engagé dans les diverses branches de l'industrie primaire tant dans la Province de Québec que dans tout le Canada, en 1934

Production pour chaque dollar de capital

	Québec	Canada
Filés et tissus de coton	0.825	0.808
Filés de laine	0.753	0.931
Tissus de laine	0.906	0.867
Soie et soie artificielle	0.872	0.757
Bonneterie et tricot	0.948	0.909

Ces chiffres n'ont pas une très grande signification en soi. Ils ne sauraient évidemment marquer la productivité du Capital proprement dit, puisque,aussi bien, celle-ci ne saurait se séparer du rendement des travailleurs eux-mêmes.

CAPITAL FIXE ET FONDS DE ROULEMENT

Le tableau s ivant fait voir comment se répartit le capital investi dans l'industrie textile primaire entre le capital fixe et le capital d'exploitation,1934, dans le Québec:

	Terrains,bâtiments,outillages,installations, outils etc.	Matières premières, Produits en cours combustibles et acc.	Produits finis en stoch	Encaisse en effets et comptes de débiteurs,etc	Total
Filés et tissus de coton	21,806,839	8,433,346	2,325,122	8,925,905	51,489,212
Tissus de laine	2,616,931	649,974	318,955	551,768	4,337,628
Filés de laine	835,897	2,136,005	82,079	131,577	1,185,558
Soie et soie artificielle	15,340,101	2,145,187	1,666,594	4,290,544	23,442,426
Bonneterie et tricot	7,644,093	1,496,893	1,332,069	2,810,379	13,283,434

Ce tableau révèle une situation saine, l'industrie disposant du fonds de roulement voulu. Celui-ci représente, en effet, pour

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Pour chaque dollar de capital

Filés et tissus de coton	0.358	0.808
Filés de laine	0.736	0.369
[illegible]	[illegible]	[illegible]
Cuir et peaux artificielles	0.872	0.749
[illegible]	[illegible]	[illegible]

Ces chiffres n'ont pas une très grande signification en soi. Ils ne manquent évidemment mesurer la productivité du Capital par du rendement des travailleurs eux-mêmes.

[illegible]

Le tableau a ivant fait voir comment se répartit le capital fixe et le capital d'exploitation, dans le Québec:

Filés et tissus de coton	21,806,886	6,432,340	8,382,112	8,570,000
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Filés de laine	836,897	3,186,008	82,079	1[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total

[illegible]

[illegible] révèle une situation saine. L'industrie disposant [illegible]

chaque groupe respectif 38.1, 39.7, 29.5,34.6 et 42.5 p.c. du total.

Le niveau des profits.

L'Enquête sur les Ecarts des Prix a publié toute une série d'états financiers relatifs à l'industrie textile. Cet états révèlent que le taux des profits ne présente rien d'excessif, eu égard à l'importance des investissements. Nous n'avons pu compléter, faute de temps, les recherches de l'Enquête Royale. Nous nous contentons donc de résumer ici les chiffres des comptables vérificateurs dont cette dernière avait retenu les services.

En 1933, le profit net réalisé dans l'industrie cotonnière primaire a atteint 3.8 p.c. des ventes nettes, à rapprocher de 3.8, 4.1 et 4.4. p.c. en 1932, 1931 et 1930. Ce pourcentage a été calculé avant de soustraire l'intérêt sur les obligations et l'impot sur le revenu, Cela représente en 1933 environ 1.93 p.c. du capital investi.

Dans l'industrie de la laine--section tissage et filature de laine cardée--le bénéfice net se chiffre par 6.5 p.c. des ventes nettes, au lieu de 3.3, 1.5 et 1.6 p.c. réspectivement en 1932, 1931 et 1930. Ici aussi ce pourcentage a été établi avant de soustraire l'intérêt sur les obligations et l'impot sur le revenu. Cela équivaut en 1933 à environ 5.56 p.c. du capital global imvesti. Progression plus qu'heureuse après les maigres années 1932, o931 et 1930.

Pour la soie naturelle, le profit net atteint 6.1 p.c. des ventes, soit environ 8.97 p.c. du capital investi. Les années 1930, 1931 et 1932, le taux moyen du profit net sur le capital investi s'établir à 2.09, 4.35 et 5.58 p.c. respectivement.

Les fabricants de bonneterie (hosiery) ont réalisé en 1933, un profit net de 4.1 p.c. de leurs ventes nettes, soit 5.32 p. c. du capital total, mais avant deduction de tout intérêt obli-

gatoire et de toute provision pour l'impot sur le revenu. Toutes choses égales d'ailleurs, le profit net des années 1930, 1931 et 1932 s'est chiffré par 4.85, 4.74 et 4.44 p.c. respectivement.

Pour la soie artificielle, le taux des profits nets ressortit pour la période 1930 à 1933 inclusivement à 5.42, 5.96, 4.98 et 9.87 p.c. respectivement de l'ensemble du capital investi.

Enfin, l'industrie du tricot a obtenu les résultats suivants: 1933, 2.19 p.c. de profit net sur le capital engagé; 1932, 0.24 p.c. de perte; 1931, 0.59 p.c. de perte; 1930, 0.09 p.c. de perte.

4 - Le marché

Le marché canadien--le seul ou à peu près le seul dont dispose l'industrie textile pour la vente de ses produits--peut se diviser en deux sections géographiques bien tranchées. D'abord d'un océan à l'autre à travers tout le continent, une mince bande d'environ 150 milles de largeur à partir de la frontière américaine, qui constitue la partie la plus dense au point de vue du peuplement, la partie urbaine du marché canadien. Cette partie du marché a des goûts raffinés et recherche des tissus dont la finesse ne le cède en rien à celle des tissus des biens pays. L'industrie canadienne répond à ves besoins. Au nord de cette étroite zone populeuse, les conditions de vie sont celles des pionniers, tout aussi dures que celles de ceux qui ont colonisé la vieille partie du Canada.

L'industrie textile répond aux besoins du pionnier moderne--agriculteur, colon, bûcheron, prospecteur de mines d'or et de suivre, trappeur et chasseur d'animaux à fourrure, missionnaire-évangélisateur... Elle lui fournir des vêtements et tout ce qui est nécessaire au confort et à la protection du corps humain, au milieu des jours et des nuits du grand Nord canadien. Marché

decevant, marché lointain qui n'intéresse guère le tisserant étranger. Celui-ci aime mieux vendre dans nos villes ce qu'il a produit pour la population de ses propres villes et n'a pu y vendre. Ajoutons-y des conditions climatiques particulières dans certaines des régions rurales anciennes du pays. On voit donc que l'industrie textile canadienne a dû s'équiper pour répondre à l'infinie diversité de la demande d'un pays à la fois urbain et rural dans sa partie la plus anciennement peuplée, et qui offre aussi tous les caractères des régions nouvelles de colonisation. Tâche difficile, car le producteur travaille pour une population peu nombreuse--moins de onze millions d'habitants--dont les besoins sont les plus variés et qui,de plus, est disséminée dans un territoire énorme. Véritable gageure, semble-t-il, mais que l'industrie textile canadienne a su tenir et continue de tenir aux bonnes comme aux mauvaises années.

Ce marché, toutefois, l'industrie canadienne n'est pas seule à se la partager. Elle y subit chaque jour une rude concurrence. C'est ce que nous allons essayer de faire voir pour les principales branches de l'industrie primaire.

Dans le cas du coton, le marché des filés de coton vendus en 1934, au Canada--d'après le rapport de la Commission du Tarif--se répartit de la façon suivante: 81.6 p.c. pour le filateur canadien, 17.1 p.c. pour le filateur anglais et 1.3 p.c. pour les autres pays. Il s'agit ici, notons-le bien, des filés vendus sur le marché, et non de toute la production de filés au Canada; celle-ci, en effet, dépasse les 120 millions de livres par année.

Pour les tissus de coton, le marché canadien, d'après la même source, se répartit ainsi, en 1934:(en millions de livres)

		%
Tissus canadiens	78,389	83.2
Tissus importés:		
Grande Bretagne	10,785	11.5
Autres payés	5,014	5.3

POST. BOYDIE
TORONTO - CANADA

Pour les tissus de coton, le marché canadien, d'après la même source, en représente environ quatre millions de livres.

Voici importés :

	10,[illegible]	[illegible]
	[illegible]	[illegible]

Voici, ensuite, quelques indications sur le tissage du coton. Celui-ci aime mieux venir dans nos villes qu'il a produit pour la population de son propres village et n'a pu y vendre. Ajoutons-y des conditions climatiques particulières dans certaines des régions rurales environnantes du pays. On voit donc que l'industrie textile canadienne a dû s'équiper pour répondre à l'infinie diversité de la demande d'un pays à la fois urbain et rural dans sa partie la plus entièrement peuplée, et qui offre aussi tous les caractères des régions nouvelles de colonisation. Tâche difficile, car le producteur travaille pour une population peu nombreuse--moins de onze millions d'habitants--dans un pays plus vaste que tout le reste du monde civilisé, est disséminée dans un territoire énorme. Véritable énigme, semble-t-il, mais que l'industrie textile canadienne a su tenir et continue de tenir aux bonnes comme aux mauvaises années, à sa manière, originale, s'inspirant sans doute de ce que font les autres contrées. C'est ce que nous allons essayer de faire voir pour

en 1926, au Canada--d'après le rapport de la Commission du Tarif--se répartit de la façon suivante: 81.6 p.c. pour le tissage canadien, 12.1 p.c. pour le filateur anglais et 1.5 p.c. pour les autres pays. Il s'agit ici, notons-le bien, des tissus vendus sur le marché, et non de toute la production de filés au Canada; celle-ci, en effet, dépasse les 100 millions

D'après le rapport de la Commission du Tarif en 1935, le marché canadien des tissus de laine cardés et peignés était alimenté de la façon suivante, en 1934. (millions de verges linéaires).

		%
Lainages canadiens	13.97	57.49
Lainages de Grande Bretage	9.83	40.45
Lainages d'autres pays	0.50	2.06
Total	24.30	100.

Il n'est produit depuis 1930 une amélioration sensible en ce qui concerne la part des tisserands canadiens. Cette année là, les lainages canadiens ne comptaient que pour 23.3 p.c. du total ceux de la Grande-Bretagne pour 55.9 p.c. et les autres pays 20.8 p.c. sur une consommation apparente totale de 22 millions ½ de verges linéaires. En 1935, la situation se maintient à peu près au même point qu'en 1934; lainages canadiens 58.2 p.c., lainages anglais 39.7 p.c. autres lainages 2.1 p.c.

Dans le cas des filés de laine cardée et peignée, le marché canadien s'est partagé approximativement comme suit, en 1934

		%
Filés canadiens	8,954,174 lb	79.96
Filés importés (non compris dans les filés canadiens)	2,244,324 lb	20.04
TOTAL	11,198,498	100

(Compilé d'après les chiffres de l'Office Fédéral de la Statistique)

Pour la soie artificielle, la situation du marché canadien est la suivante:

a) Filés de soie artificielle. (1935

		%
Filés canadiens vendus	8,500,000 lb	89.38
Importations	1,009,976 lb	10.62

b) Tissus de soie artificielle (1934)

(Compilé d'après les statistiques du Service fédéral de la statistique)

Pour la soie artificielle, la situation de l'exportation est la suivante:

Importation	1'000'296 lb	10.6%
Exportation	8'500'000 lb	89.4%
Différence en faveur de l'exportation	7'499'704 lb	78.8%

Valeur de la soie artificielle (1934)

Importation	2'000'000 fr.	10.6%
Exportation	16'900'000 fr.	89.4%
Différence en faveur de l'exportation	14'900'000 fr.	78.8%

Le commerce des tissus de soie artificielle a subi, en 1934, une modification importante. Alors que l'importation a diminué de 1'000 tonnes environ, l'exportation a augmenté de 1'500 tonnes environ. Il en résulte que l'excédent de l'exportation a passé de 6'000 à 7'500 tonnes environ, soit de 25 %.

Cette modification est due à la diminution des droits de douane sur les tissus de soie artificielle, qui a été décidée par la Diète fédérale en 1934. Jusqu'à cette époque, les droits étaient de 15 fr. par kg. brut, soit environ 30 fr. par kg. net. Ils ont été réduits à 10 fr. par kg. brut, soit environ 20 fr. par kg. net.

Cette réduction a eu pour effet de faire baisser le prix des tissus de soie artificielle importés. Elle a également eu pour conséquence d'augmenter la consommation de ces tissus. Les importateurs ont profité de la réduction des droits de douane pour baisser leurs prix de vente. Ils ont également augmenté leurs commandes à l'étranger, afin de pouvoir satisfaire à la demande accrue de la clientèle.

Les tissus de soie artificielle importés proviennent principalement d'Italie, de France et d'Allemagne. Les importations d'Italie ont passé de 1'000 tonnes environ à 1'500 tonnes environ. Celles de France ont passé de 500 tonnes environ à 1'000 tonnes environ. Celles d'Allemagne ont passé de 300 tonnes environ à 500 tonnes environ.

Les importations d'Italie ont donc augmenté de 50 %, celles de France de 100 % et celles d'Allemagne de 66 2/3 %.

Les importations de tissus de soie artificielle ont été effectuées par 120 maisons environ. Les 10 plus importantes d'entre elles ont importé 1'000 tonnes environ, soit 66 2/3 % du total. Les 20 plus importantes ont importé 1'200 tonnes environ, soit 80 % du total. Les 30 plus importantes ont importé 1'350 tonnes environ, soit 90 % du total. Les 40 plus importantes ont importé 1'425 tonnes environ, soit 95 % du total. Les 50 plus importantes ont importé 1'450 tonnes environ, soit 96.7 % du total. Les 60 plus importantes ont importé 1'470 tonnes environ, soit 98 % du total. Les 70 plus importantes ont importé 1'485 tonnes environ, soit 99 % du total. Les 80 plus importantes ont importé 1'500 tonnes environ, soit 100 % du total.

Il n'est prévu depuis 1930 une modification semblable en ce qui concerne la part des tissus de soie artificielle. Cette mesure a été prise [illegible] pour 1934. Elle a été prise [illegible] pour 1935. Elle a été prise [illegible] pour 1936. Elle a été prise [illegible] pour 1937. Elle a été prise [illegible] pour 1938. Elle a été prise [illegible] pour

D'après le rapport de la Commission du Tarif la consommation apparente de tissus de soie artificielle s'établit comme suit:

	Verges	%
Tissus canadiens	$35,800,000	88.1
Tissus importés	4,850,000	11.9
Consommation apparente	40,650.000	100

La part du Royaume-Uni serait d'environ 9.5 p.c. ou 3,850,000 verges.

5 - Prix de revient et protection douanière

La politique commerciale du Canada a subi depuis un siècle et moins des modificationsprofondes. Devenu maitre de l'orienter à sa guise vers le fin de la première moitié du 19e siècle par suite de l'adoption du libre-échange en Grande-Bretagne, le Canada a d'abord pratiqué une politique de réciprocité commerciale avec les Etats-Unis, de 1854 à 1866; puis une politique de protectionnisme dite, politique nationale, au lendemain de la Confédération, et surtout de 1879 à 1896; puis, en 1896, changement d'orientation avec la préférence impériale qui ira s'accentuant de 1896 à 1930, et la politique des traités de commerce inaugurée en 1907. En 1930, on effectue une revision générale du tarif dans le sens de la hausse, qui fut suivie, en 1932, des accords d'Ottawa. En 1935, nouvelle orientation.

Il est permis de dire que l'industrie textile primaire a enregistré chacun de ces changements de politique. Son développement coincide grosso modo avec la Politique nationale de MacDonald. C'est du moins le cas de l'industrie lainière qui traverse alors une période d'expension. De même l'industrie du coton s'organise à peu près sur ses bases actuelles. La politique de préférence impériale sera funeste à l'industrie du tissage de laine.

Les accords de 1932, dits accords d'Ottawa, vont introduire quelque chose de nouveau dans la politique douanière; la Commission du Tarif, qui sera chargée d'étudier les demandes d'abaissement ou de relèvement du tarif.

La Commission du Tarif a conduit depuis sa création des enquêtes très fouillées sur les industries textiles canadiennes, notamment sur les industries de la laine, du coton et de la soie artificielle. Nous résumerons ici quelques-unes de ses conclusions.

Dans le cas de la laine, la Commission constate que les salaires canadiens l'emportent sur ceux de Grande-Bretagne dans la proportion de 55 à 60 p.c. dans le tissage de la laine cardée, de 76 à 78 p.c. dans la filature des laines peignées et de 65 à 76 p.c. dans le tissage des laines peignées. Comme rien n'établit que le rendement des ouvriers soit sensiblement différent. la Commission assume que le coût de la main-d'oeuvre par unité produite au Canada l'emporte dans les mêmes proportions sur le coût anglais. La Commission finit par constater que les droits alors existants ne suffisent pas à combler les différences dans le coût de production dans le cas des lainages peignés et, pour les lainages cardés, ils y arrivent pour certains tissus grossiers, mais nullement pour les tissus plus fins.

Dans le cas du coton, la Commission est d'avis qu'un droit de 12½ p.c. sur les filés répond parfaitement à l'esprit de la clause, de l'accord entre le Canada et le Royaume Uni. Pour les cotonnades, la Commission du Tarif recommande de maintenir les mêmes taux ad valerem, mais de supprimer le droit spécifique de 2¢ par livre, ce qui laisse le tarif à 15 p.c. pour les tissus écrus, 18 p.c. pour les tissus blanchis et 20½ p.c. pour les tissus de couleur.

Les Lettres de 1892, dite accords d'Ottawa, vont introduire
modifications importantes dans la politique douanière du Can-
ada. Le Tarif, qui avait pour objet d'élever les droits de
balancement ou de relèvement du tarif.

La Commission du Tarif a conduit depuis sa création des en-
quêtes très fouillées sur les industries textiles canadiennes,
notamment sur les fils autres de la laine, du coton et de la
soie artificielle. Nous reviendrons tout à l'heure sur ces
conclusions.

Dans le cas de la laine, la Commission constate que les ca-
fabres canadiens l'emportent sur ceux de Grande-Bretagne dans
la proportion de 55 à 80 p.c. dans le tissage de la laine car-
dée, de 75 à 75 p.c. dans la filature des laines peignées et de
85 à 75 p.c. dans le tissage des laines peignées. Comme rien
n'établit que la rendement des ouvriers soit sensiblement dif-
férent, la Commission examine que le coût de la main-d'oeuvre
par unité produite au Canada l'emporte dans les deux cinquan-
tième sur la unité réalisée. La Commission tient pour constater
que les droits alors existants ne suffisent pas à combler les
différences dans le coût de production entre le cas des laines
peignées et, pour les laines cardées, ils y arrivent pour
certains tissus grossiers, mais nullement pour les tissus plus
fins.

Dans le cas du coton, la Commission est d'avis qu'un droit
de 10 p.c. sur les fils devrait pratiquement à l'égard de la
plupart, de l'accord entre le Canada et le Royaume Uni. Pour les
cotonnades, la Commission du Tarif recommande de maintenir les
droits aux ad valorem, mais de supprimer le droit spécifique
de 2d par livre, en vue de porter le tarif à 15 p.c. pour les
tissus écrus, 17½ p.c. pour les tissus blanchis et 20 p.c. pour
les étoffes de couleur.

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La Commission ne s'est pas prononcé définitivement dans le cas des tissus de soie artificielle. Elle recommande en attendant que l'enquête soit terminée un droit unique ad valerem net de 27 p.c. au lieu du droit mixte existant de 24.75 ptc. et 27¢ par livre.

Jusqu'ici les enquêtes ont établi le bien-fondé de la protection existante pour l'industrie textile.

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STATISTIQUES DES PRINCIPALES INDUSTRIES TEXTILES PRIMAIRES AU CANADA.

Industries	Établissements No.	Capital engagé $	Employés à salaires: Hommes No.	Femmes No.	Salaires $
Filés et tissus de coton	36	75,889,237	455	145	1,192,829
Fils de coton	5	2,901,875	62	21	174,544
Filés de laine	34	8,459,065	115	57	298,817
Drap de laine	66	20,483,554	350	122	951,383
Lainages divers, n.a.é.	24	6,957,683	80	26	271,934
Tapis, moquettes et carpettes	27	6,994,227	159	44	354,356
Soie et soie artificielle	29	34,192,892	619	293	1,559,068
Bonneterie et tricot	167	49,446,669	877	591	2,636,187
Cordages, Câbles et ficelle	11	10,416,346	81	28	255,014
Teinture et Apprêtage	24	5,397,621	113	35	306,311
Total (Canada)	423	221,139,169	2911	1362	8,000,383
Total toutes industries primaires (Canada)	503	237,073,899	3294	1469	9,111,604
Total toutes industries textiles (Canada)	2234	328,361,816	8354	3937	20,271,450

STATISTIQUES DES PRINCIPALES INDUSTRIES TEXTILES PRIMAIRES AU CANADA

Industries	Employés à gages			Coût des matières premières
	Hommes	Femmes	Gages	
	No.	No.	$	$
Filés et tissus de coton	11,257	6,249	12,575,449	33,132,840
Fils de coton	148	382	461,305	1,545,885
Filés de Laine	1,116	1,176	1,401,781	4,671,476
Drap de laine	3,256	2,251	3,778,964	9,877,162
Lainages divers, n.a.é.	757	223	761,564	2,220,857
Tapis, moquettes et carpettes	578	326	641,100	1,295,281
Soie et soie artificielle	4,907	3,401	5,976,904	9,553,932
Bonneterie et tricot	5,823	10,687	10,929,429	21,831,064
Cordages, Câbles et ficelle	597	246	726,639	2,532,887
Teinture et apprêtage	650	142	625,410	1,504,033
Total (Canada)	29,089	25,083	$37,878,545	$88,165,417
Total toutes industries primaires (Canada)	30,462	25,836	39,408,417	94,464,201
Total toutes industries textiles (Canada)	46,128	57,276	70,525,145	174,532,597

STATISTIQUES DES PRINCIPALES INDUSTRIES TEXTILES PRIMAIRES AU CANADA, 1934

Industries	Valeur nette des Produits $	brute $
Filés et tissus de coton	26,195,001	61,306,490
Fils de coton	2,201,767	3,809,408
Filés de Laine	3,029,220	7,873,814
Drap de laine	7,343,860	17,768,453
Lainages divers,n.a.e.	2,748,726	5,081,221
Tapis,moquettes et carpettes	1,773,512	3,149,198
Soie et soie artificielle	15,493,231	25,879,059
Bonneterie et tricot	22,376,782	44,967,047
Cordages, Câbles et ficelle	2,181,332	4,818,586
Teinture et appretage	2,042,982	3,778,652
Total (Canada	85,386,413	178,421,928
Total toutes industries primaires (Canada)	91,025,661	190,614,308
Total toutes industries textiles (Canada)	160,723,494	342,054,636

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Industries	Valeur des Produits de Usine	Produit Brut
	$	$
Pâtes et tissus de coton	26,195,001	31,308,450
Fils de coton	2,801,767	3,809,408
Filés de laine	8,029,290	7,975,314
Drap de laine	7,242,040	17,780,422
Laineries diverses n.s.m.	2,743,730	3,021,...
Tapis,moquettes et carpettes	1,772,713	1,187,...
Soie et soie artificielle	15,492,281	25,270,05...
Chaussures en Wiggs	12,072,796	16,167,04...
Cordages, câbles et ficelle	2,181,582	4,818,50...
Teinture et apprêtage	2,042,...	3,778,...
Total (Canada	85,386,...	139,421,...
Total toutes Industries (Canada)	21,...,...	145,614,...
Total toutes Industries (Province)	12...,...	14...,...

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STATISTIQUES DES PRINCIPALES INDUSTRIES TEXTILES DANS LA PROVINCE DE QUEBEC

Indutries	Etablissements	Capital engagé	Employés à salaires Hommes	Femmes	Salaires
	No.	$	No	No	$
Filés et tissus de coton	16	51,489,412	332	73	803,253
Fils de coton	3	2,267,523	46	13	125,987
Filés de laine	3	1,185,558	13	7	27,901
Lainages divers, n.a.é.	4	3,280,638	28	5	85,150
Tissus de laine	19	4,337,628	72	19	206,354
Tapis, moquettes et carpettes.	--	--------	---	---	-------
Soie et soie artificielle.	19	23,442,426	499	249	1,205,526
Bonneterie et tricot.	53	13,283,434	291	104	615,206
Cordage, câbles et ficelle.	---	---------	---	---	-------
Teinture et Apprêts.	8	2,831,420	65	18	162,919
Total(Québec)	125	102,068,039	1346	488	3,232,296
Total toutes industries primaires (Québec)	158	113,117,006	1607	555	3,887,084
Total toutes industries primaires et secondaires.	941	152,966,481	4036	1609	9,019,006
% Total(Canada)1	29.56	46,15	46.24	35.83	40.40
% Total(Canada)2	31.41	47,71	48.78	37.78	42.66
% Total(Canada)3	42.12	46,59	48.31	40.87	44.49

(page11472 follows)

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(page 1142 follows)

Industries.	Employés à Gages. Hommes No.	Femmes No.	Gages $	Coût des matières premières $	Valeur nette $	des produits brute $
Filés et tissus de coton.	7,458	3,949	2,041,892	24,163,616	16,902,816	42,463,877
Fils de coton.	99	286	323,416	1,115,272	1,902,851	3,064,445
Filés de laine.	311	84	206,804	526,271	352,831	892,644
Lainages divers, n.a.é.	311	101	299,529	824,254	1,291,797	2,149,569
Tissus de laine.	689	548	685,987	2,447,166	1,365,920	3,330,509
Tapis, Moquettes et carpettes.	----	---	------	-------	-------	
Soie et soie artificielle.	3,677	2,229	3,897,838	7,147,587	10,383,620	18,092,687
Bonneterie et tricot.	1,903	2,971	3,008,625	6,197,693	6,198,171	12,589,655
Cordage, câbles et ficelle.	-----	-----	-------	-------	-------	-------
Teinture et Apprêts	306	47	253,542	342,383	898,644	1,361,600
Total (Québec)	14,754	10,215	16,717,633	42,764,232	39,296,650	84,544,987
Total toutes industries primaires (Québec)	15,661	10,644	17,681,095	46,173,938	42,891,289	91,736,182
Total toutes industries primaires et secondaires.	22,702	26,998	32,024,597	90,087,266	76,574,448	169,967,889
% Total(Canada)1	50.72	40.72	44.13	48.50	46.02	47.38
% Total(Canada)2	51.41	41.20	44.86	48.88	47.12	48.12
Total (Canada)3	49.22	47.13	45.41	51.60	47.64	49,69

(page 11480 follows)

PAR Me BEAUREGARD:

Q M. Vézina, dans bien des endroits, vous donnez l'origine de vos chiffres. Lorsque vous ne donnez pas l'origine de vos chiffres, voulez-vous dire si ces chiffres vous viennent des compagnies ou si ce sont des chiffres obtenus à l'aide de recherches personnelles.

R. Je préférerais que vous me donniez explication, que vous me posiez une question de façon générale. En général, je puis vous indiquer les sources des chiffres.

Q Au cours de votre travail, j'ai noté qu'à plusieurs endroits vous donnez l'origine, la source de vos chiffres. S'il vous arrive de ne pas la donner, dois-je comprendre que vous tenez vos chiffres de recherches personnelles ou si vous les tenez d'informations des compagnies textiles?

R Si vous avez lu le texte, en consultant les travaux généraux qui s'y rapportent, vous avez presque toujours les sources qui y sont mentionnées. Les tableaux qui y sont mentionnés ont été compilés d'après les statistiques et les recensements industriels de l'Office fédéral du recensement des compagnies.

Q Alors, dans vos silences, il s'agit des statistiques fédérales?

R Sauf pour les statistiques qui indiquent le nombre des ouvriers, des employés dans les différentes usines textiles. Ces nombres d'ouvriers, je les ai obtenus soit directement des présidents, soit indirectement en consultant le "Manual of Textile Industries.

ROBT. BRYDGE
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TORONTO CANADA

[illegible]:

Q. M. Vezina, dans mon dernier, vous donnez
[illegible]
que l'origine de ces obligations, veuillez-vous dire si
ces obligations vous viennent des compagnies ou si
ce sont des obligations émises à l'aide de remorques
personnelles.

R. Je voudrais que vous me donniez explication,
[illegible]

Q. Au cours de votre travail, j'ai noté qu'à
vos obligations. Quand vous arrivez de pas le do-
[illegible]
[illegible]

R. Si vous avez lu la carte, en comparant les tra-
vaux réalisés qui s'y rapportent, vous avez trouvé
[illegible]
[illegible]
tenaux qui y sont mentionnés a été remplies
d'après les statistiques et les renseignements indus-
triels de l'Office fédéral de recensement des compa-
gnies.

Q. Alors, dans vos allocces, il n'est pas sta-
tistiques (inaudible)?

R. Sauf pour les statistiques qui traitent le
nombre des ouvrières, des employés dans les différen-
tes usines textiles. Une nombre d'ouvrières, je les
ai obtenu soit directement des patrons, mais la-
[illegible]
[illegible]

Q Alors, il serait correct de dire que lorsque vous n'indiquez pas la source de vos chiffres, les sources sont les statistiques fédérales sauf pour le nombre des employés?

R Oui.

Q Vous vous rapportez aux déclarations des compagnies textiles? R Absolument.

Q D'une façon générale nous saurons exactement d'où viennent vos chiffres? R A peu près, complètement, je crois bien.

Q Ceci soit dit, à part d'un travail considérable- je n'ai pas l'intention de le rapasser entièrement avec vous - je constate que vous faites bien peu de place à la protection douanière, au tarif. Nous avons eu, ici, M. Holt, comme témoin, qui nous a dit que le succès des compagnies était dû, parti à la bonne administration, et partie au tarif. Partagerez-vous l'opinion de M. Holt. Ce sont là deux éléments capitaux de la prospérité des textiles?

R Je n'ai pas étudié la situation financière de toutes les entreprises. Je ne pourrais pas dire jusqu'à quel point c'est exact. Il est certain que l'industrie qui est protégée finira par bénéficier de cette protection. Dans quelle mesure, je n'en sais rien. Cela variera avec les industries, et, même, dans une industrie, avec les divers établissements.

Q Je me rappelais cette déclaration de M. Holt que la prospérité et le succès des compagnies auxquelles il s'est intéressé tenaient à la bonne administration et au tarif protecteur?

R Je crois, en effet, que c'est exact.

Q Dans les industries qui jouissent de la protection, en connaissez-vous qui jouissent d'une protection douannière plus considérable que l'industrie textile? R. Certainement.

R Laquelle? R. L'industrie de la chaussure.

Q L'industrie de la chaussure jouit d'un tarif....

R ..d'un tarif beaucoup plus élevé.

Q Vous parlez de la proportion qui est plus élevée?

R Vous pouvez juger par les chiffres que j'ai mentionnés là. Je crois que l'industrie de la chaussure a un tarif qui varie de 20 à 35%.

Q Connaissez-vous des industires importantes qui jouissent d'une protection de tarif supérieure aux textiles? R Je ne pourrais pas vous le dire sans voire le tarif, je ne sais qu'elle est la situation des autres industries.

M. LE COMMISSAIRE: Quels chiffres donnez-vous pour la protection?

LE TEMOIN: Pour les cottonadé, il n'y a pas de chiffre moyen. Sur les filets de coton, 12%, moins la préférence britannique. Pour les cottonades, vous avez 15, 18 et 20%, tarif net, moins la préférence britannique.

PAR ME BEAUREGARD:

Q. Est-il correct de dire que l'industrie textile est une industrie largement protégée?

R Je ne saurais le dire. Elle est protégée par un tarif.... la Commission du tarif a fait une enquête sur la question. Je n'ai pas fait un résumé de ses conclusions.

Q Vous ne seriez pas prêt à dire que c'est une

Il y aura, en outre, ce n'est évident.

Que les industries qui jouissent de la protection, en demandent que leurs produits soient d'une qualité supérieure à celle que l'industrie française fabrique actuellement.

M. Bertrand.

Et voilà! R. L'industrie de la chaussure.

L'industrie de la chaussure jouit d'un tarif...

...d'un tarif beaucoup plus élevé.

Vous parlez de la proportion qui est plus élevée?

Vous pouvez jeter par les critères que j'ai mentionnés là. Je crois que l'industrie de la chaussure a un tarif qui vaxie de 50 à 30%.

Le [illegible] [illegible] [illegible]

Le [illegible] [illegible] [illegible]

pour la protection?

M. [illegible]: Pour les cotonnade, il n'y a pas de chiffre moyen. Sur les filets de coton, 15%, moins le [illegible] britannique. Pour les cotonnades, vous avez 15, 17 et 20%, tarif ad, mais la préférence britannique.

[illegible] [illegible]:

[illegible] [illegible] [illegible] l'industrie textile [illegible] industrie largement protégée?

Je ne connais le rien. Elle est protégée par le tarif... La Commission du tarif a fait une [illegible] [illegible] quant on. Je n'ai pas fait un [illegible] [illegible] considérable.

[illegible] [illegible] [illegible] [illegible] [illegible]

industrie largement protégée?

R Pas avant de l'avoir étudiée plus à fond.

Q Vous n'êtes pas prêt à dire que c'est une industrie largement protégée?

R Ni largement, ni peu protégée; il ne s'agit pas de savoir de degré de protection.

Q Vous ne pouvez pas dire, non plus, que le tarif est plus élevé contre les pays non britanniques?

R Evidemment, à la première vue, c'est évident.

Q Sur l'ensemble, vous n'êtes pas prêt à dire que l'industrie joint d'une protection plus considérable ou moins considérable?

R Dire d'une façon absolue, cela n'a pas de signification.

Q Je croyais que vous étiez prêt, ayant étudié l'industrie textile, à dire si, à votre point de vue, l'industrie textile était ce qu'on peut appeler une industrie hautement protégée, moyennement protégée ou peu protégée?

R Je m'en suis tenu, dans cette étude, aux clause de la Commission du tarif qui a exprié que dans certains cas, la protection était insuffisante; dans d'autres, que la protection suffisante, etc.

Q Vous savez, sans doute, qu'en 1930, les industries textiles ont déclaré qu'elles avaient obtenu la protection qu'elles avaient demandée? Etes-vous au fait, qu'à bien des égards, les producteurs des compagnies textiles ont déclaré avoir obtenu, en 1930, la protection qu'elles avaient demandée au Gouvernement? R Je ne suis pas au courant.

Q Vous ne savez pas? R Non, je ne sais pas.

Q Vous faites une déclaration dans votre rapport à l'effert que les salaires des ouvriers sont ni hauts ni bas dans l'industrie des textiles comparativement aux autres ind stries ordinaires?

R Oui.

Q Vous dites:les industries ordinaires; il faut faire entrer celles qui ne sont pas protégées, celles qui sont bien protégées et celles qui le sont moyennement? R Oui.

Q J'aurais aidmé savoir de vous si l'industrie textile est plus protégée que l'industrie moyenne ordinaire? R Je ne pourrais pas vous répondre, non plus, làdessus.

Q Vous ne savez pas? R Non.

Q Alors, vous ne pouvez pas nous dire, en conséquence, si les salaires de l'industrie textile sont un tant soit peu proportionnés à la protection qu'elle reçoit du Gouvernement?

R Je ne sais pas si la relation entre la protection qu'elle reçoit du Gouvernement et le niveau des salaires de l'industrie..... le niveau des salaires est déterminé par le niveau moyen dans une province, une région, non pas par de degré dela protection.

Q Savez-vous qu'elle relation il y a entre le niveau des salaires et la prospérité ou la non prospérité de l'industrie elle-meme?

R Je ne pourrais pas dire exactement. Vous pouvez juger par le niveau des profits reévélés par

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l'enquête sur l'écart des prix. C'est à peu près la seule chose dont je dispose. Je n'ai pas pu faire une enquête plus prolongée que celle-là; je n'ai pas eu accès aux livres des compagnies. J'ai enquêté sur les statistiques avancées telles qu'elles sont.

Q Seriez-vous en état de nous dire si une industrie qui serait hautement protégée devrait payer à ses ouvriers des salaires plus élevés qu'une industrie non protégée?

R Economiquement parlant, je ne pourrais pas. Il est à peu près pas possible qu'il y ait des écarts très marqués dans les salaires dans un même pays, une même région, dans des industries différentes, parce qu'alors il y aurait fatalement pression de la part des autres industries pour ramener les salaires au même niveau; vous arriveriez fatalement à avoir les mêmes salaires ordinaires.

Q De qu'elle façon serait exercée cette pression?

R Par l'entremise des syndicats ouvriers.

Q Puisque vous parlez des syndicats ouvriers, savez-vous quelque chose des syndicats ouvriers dans les textiles?

R Je ne les ai pas étudiés.

Q Quand vous dites cela, vous dites quelque chose dont vous ne connaissez pas grand'chose?

R Je me base, d'une façon générale, sur l'action des syndicats dans le monde.

Q Je vous ai demandé s'il y aurait pas lieu pour une industrie hautement protégée de payer ses employés mieux, vous avez répondu: "Ca ne pourrait pas se faire parce qu'il y aurait des ressentiments des autres industries et des syndicats ouvriers?

R Oui.

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Q Vous avez mentionné les syndicats ouvriers, comme moyen de faire hausser les salaires, je vous demande ce que vous en savez? R J'en sais rien de particulier.

Q Avez-vous eu une connaissance personnelle du travail imposé aux ouvriers dans les moulins de coton et de laine comparativement au travail des personnes gagnant le même salaire en-dehors?

R Je n'ai pas fait l'étude sur les conditions de travail elles-mêmes; quel point de vue voulez-vous parler?

Q Savez-vous que les ouvriers de l'industrie travaillent à une température moyenne de 75 à 80 degrés?

R C'est fort possible.

Q Savez-vous qu'ils travaillent dans une humidité qui varie de 80 à 85 degrés? R Je sais qu'il faut employer des appareils de conditionnement de l'air dans l'industrie textile.

Q Savez-vous que les ouvriers travaillent dans une atmosphère généralement chargée de coton, de poussière?

R Dans les usines que j'ai visitées, l'atmosphère chargée de poussière n'est pas l'impression que j'ai eue. J'ai visité la Dominion Textile, à Ville-Hémard; l'usine à Granby, je n'ai pas eu l'impression qu'il y avait plus de poussière que dans les milieux populeux.

Q Savez-vous combien de temps les ouvriers travaillent? R La semaine générale moyenne, dans la province de Québec, si j'en juge d'après le rapport de la Commission du Salaire Minimum, est de 50 à 55 heures, c'est la semaine de base. La semaine générale quand un ouvrier ne perd pas de temps;

Pour avez-vous quelque autre chose, comme moyen de faire baisser les salaires, à vous donner de plus?

R Je n'en sais rien de particulier.

Q Avez-vous eu une communication personnelle du Premier Ministre au sujet des modifications qu'il y aurait lieu de faire dans les salaires?

R Je n'ai pas fait l'étude des conditions de travail elle-même; mes point de vue vous-vous exact?

Q Avez-vous une idée de l'économie réalisée actuellement à une augmentation moyenne de 7½ à 10 depuis?

R C'est tout possible.

Q Croyez-vous qu'ils travaillent dans une brasserie pour moins de 30 depuis? R Je sais qu'il faut employer une augmentation de coût de l'air dans l'industrie textile.

Q Avez-vous une idée exacte travaillent dans une atmosphère généralement chargée de chaleur, de poussière chargée de poussière n'est pas l'impression que j'ai dans les usines que j'ai visitées. L'usine type; l'usine à drawing, je n'ai pas eu l'impression qu'il y avait plus de poussière que dans les ateliers ordinaires.

Q Avez-vous connaissance de taux - les ouvriers travaillent? R La semaine générale moyenne, dans la province de Québec, si j'en juge d'après le rapport de la Commission du Salaire Minimum, est de 44 heures, c'est la semaine de base. Il semble qu'un ouvrier ne fasse pas de temps

Q Savez-vous que les ouvriers, dans la plupart des départements, travaillent au milieu de marchineries qui tournent à une ~~xxxxxxx~~ vitesses considérable? R Certainement, très rapidement.

Q Et, qu'ils travaillent au milieu de la trépidation continuelle? R Certainement, trépidation plus ou moins marquée, cela dépend des différents outillages.

Q Considérez-vous qu'en travaillant dans ces conditions-là, les ouvriers devraient être rémunérés par un plus fort salaire que les ouvriers de l'industrie moyenne ordinaire?

R Je ne peux pas; je n'ai pas pris connaissance des conditions de travail dans les autres industries.

Q Vous ne les connaissez pas? R Non.

Q Je vois que vous avez rapporté que le moyenne du salaire des femmes, dans la province de Québec, (page 28) par semaine complète serait de $11.18 pour la campagne? R C'est bien cela.

Q Sur ces chiffres de $11.18: savez-vous que les employés de la Commission du Salaire Minimum au lieu d'établir une semaine de 48 heures ont établi une semaine de 55 heures? C Exactement.

Q Lorsque, ici, la semaine paraît être de 48 heures? R Non, la semiaine complète est plus de 48 heures: 50 à 55 heures.

Q A la même page, je constate que le salaire moyen de la femme aurait été de $9.07 comme argent retiré?

R Oui.

Q Savez-vous qu'il y a un grand nombre de femmes mariées qui travaillent dans les usines?

R Sans doute, il doit y en avoir.

Q Savez-vous quel est le montant nécessaire pour la vie d'une personne à la campagne?

R Je ne pourrais pas dire exactement; je ne prendrais évidemment par le chiffre de l'existence de la vie donné par Ottawa parce qu'alors il n'y aurait personne qui gagnerait sa vie au Canada.

Q Vous ne savez pas par vous-même ni par votre étude.... savez-vous combien coûte la vie d'un ouvrier dans son milieu, village ou petit village?

R Je n'ai pas étudié les conditions du coût de la vie.

Q Vous ne seriez pas en état de dire si le salaire des ouvriers dans l'industrie textile est suffisant pour faire vivre les ouvriers?

R Qu'est-ce que vous entendez par suffisant pour les faire vivre?

Q Suffisant pour faire vivre une personne dans son milieu? R Je crois que les salaires dans l'industrie des textiles est suffisant à faire vivre les ouvriers d'autant plus qu 'il faut tenir compte qu'il s'agit d'ouvriers qui appartiennent, dans plusieurs cas, à la même famille.

Q Vous prenez pour acquit que dans une même industrie ou il y a plusieurs personnes d'une même famille le salaire est suffisant pour les faire vivre? R Oui.

Q Je prends pour acquit qu'il y a plusieurs membres d'une même famille qui travaillent à la même usine, est-ce que le salaire de chaque personne est suffisant pour les faire vivre ensemble?

- Pas donc, il doit y en avoir.

- N'en-vous donc eut le moment d'accepter par-
la vie d'une personne à la campagne.

- Je ne pourrais pas vivre avec'eux; je me pren-
drais rapidement par la cuisine de l'existence de
la vie dans par Ottawa parce qu'alors il n'y aurait
pas de [illegible].

- Vous le savez par vous-même ne peu voire
vivre dans son entier, vivre ou cette vie-là.

- Je n'ai pas étudié les conditions du coût de
la vie.

- Vous ne savez pas ce que c'est de vivre et je ma-
jeure [illegible] l'industrie textile est cul-
tivé pour faire vivre les ouvriers?

R - Qu'est-ce que vous entendez par entendre pour
[illegible]

Dans l'industrie des textiles est suffisant à faire
vivre les ouvriers d'autant plus qu'il tout tou-
jours n'il n'est [illegible]
Dans l'industrie, à la même famille.

- Vous pensez pour aussi que dans une même
[illegible] on il y a plusieurs personnes d'une même
famille où on fait le maximum [illegible]
vivre?

R - Oui.

- Je prends pour aussi qu'il y a [illegible]
membre d'une même famille qui travaillent à la même
usine, sur-ce que je suppose [illegible]
suffisent pour leur faire vivre convenablement?

R Je dis que le niveau des salaires varie d'avec celui des autres industries ordinaires ou moyennes, en comparaison.. S'il permet de vivre ou s'il ne permet pas de vivre, c'est une autre affaire.

Q Vous n'êtes pas prêt à dire n'i qu'il permet de vivre, ni qu'il ne permet pas de vivre; je vous demande comme un économiste?

R Je ne puis pas vous répondre sans faire l'étude des conditions de la vie dans chaque ville.

Q Vous ne savez pas? R Non.

Q Dans le travail que vous avez fait soit pour Montréal, soit pour les autres villes de la province de Québec, vous ne pouvez pas dire cela?

R Non.

Q Vous avez parlé du rendement du pourcentage dut le capital investi; quels sont vos chiffres sur le capital investi, où les avez-vous pris?

R Ce sont les chiffres de l'enquête royale sur l'écart des prix.

Q Savez-vous si ce sont les chiffres.... si ce capital investi comprend le montant du capital émis: obligations et débentures?

R Réserve et surplus, probablement. Vous n'avez qu'à regarder au 31 décembre, 1934, le rapport soumis par la Commission, les minutes de la séance. Vous trouverez là tout ce qui se rapporte, tous les chiffres. Je vous réfères à la page 2983 des:"minutes and proceedings", le 20 décembre, 1934.

Me BEAUREGARD: Nous pourrons voir les documents auxquels vous référez.

Q S'agit-il d'un capital réellement investi ou s'il s'agit d'un pourcentage sur des actions données

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R Il s'agit du capital investi tel que révélé par les documents de la Commission sur l'écart des prix.

Q Savez-vous si c'est le capital investi ou s'il n'y aurait pas eu une bonne part de mouillage?

R Je n'ai pas à m'occuper de cela; j'ai pris les chiffres de l'enquête.

Q Savez-vous si le capital dans les documents que vous avez en main est réellement du capital investi?

R Il faudrait demander aux enquêteurs; j'ai pris les chiffres du rapport de la Commission sur l'écart des prix.

Q Vous n'en savez rien? R Non.

Q A la page 33, vous dites: "Ce tableau révèle une situation saine, l'industrie disposant du fonds de roulement voulu".

L. LE COMMISSAIRE: Quelle page?

Me BEAUREGARD: Page 33, votre Seigneurerie?

Q Page 33, vous signalez.... je voudrais savoir où vous avez pris les chiffres cités à votre tableau?

R Dans le rapport des industries de la province de Québec, le rapport officiel de 1934. Je les ai pris dans les différents rapports concernant les différentes industries textiles.

Q A la page 33, les chiffres viennent du rapport?

R "Woolen Textile Industries in Canada, 1934".

Q Vous l'avez sous l'autorité du ministre du Travail et du Commerce? R Department of Trade and Commerce.

Q A la page 12, il y a une phrase sur laquelle je voudrais avoir une explication. Vous dites, entre

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autres choses: "Si nous passions ainsi en revue tous les centres textiles du Québec, nous relèverions des faits de même nature. Nous constaterions que l'industrie textile primaire est devenue dans ces villes et villages, un facteur primordial souvent, et toujours très important de la vie économique locale"?

R "Primordial souvent, et toujours très important".

Q "Primordial ~~xx~~ souvent, et toujours très important de la vie économique locale". Autrement dit, ces villes et villages dépendent de l'industrie textile?

R En grande partie, dans certains cas, il y en a 50.

Q Vous dites à la phrase suivante: "Sur cette vie économique, comme sur son infrastructure..." Qu'est-ce que vous voulez dire?

R Je veux dire que la vie économique serait la base de la vie, puisque nous devons satisfaire nos besoins économiques, c'est le fondement de l'existence.

Q "S'élève une organisation sociale qui dépend dans la même mesure, et parfois plus encore dans certains des centres les moins populeux de cette industrie". Qu'est-ce que cette organisation sociale?

R C'est la vie sociale en générale, et la participation de ~~xx~~ vie sociale l'industrie textile à la vie sociale elle-même.

Q Vous aviez en vue les bienfaits de l'industrie textile dans les différents centres où elles sont importantes?

R Oui.

Q Vous avez parlé de Saint-Grégoire de Montmorency. Vous savez que Saint-Grégoire de Montmorency dépend totalement de l'usine de Montmorency?

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R Oui.

Q Le total de la population qui travaille?

R Sauf, évidemment, ceux qui travaillent dans les magasins; je parle de la population manufacturière.

Q Il n'y a que de la population manufacturière?

R Plus les services généraux qu'il faut à toute une communauté.

Q Vous savez que, nonobstant ce fait-là, nous avons à Saint-Grégoire de Montmorency ce qu'on appelle du secours direct? R Mon tableau est de 1934.

Q Vous savez que toute la population dépend entièrement de l'usine de Montmorency et toute la population qui peut y travailler travaille là. Vous savez qu'il y a tout de même des secours directs?

R C'est fort possible parce qu'il n'y a pas d'autre industrie que l'industrie textile qui peut les employer tous.

Q Je comprends qu'à Saint-Grégoire de Montmorency la population entière est supposée travailler à l'usine? R Sauf ceux qui sont dans les magasins, les services, etc. D'après les statistiques toute la population manufacturière travaille dans cette industrie-là.

Me BEAUREGARD: Que faut-il penser d'une industrie qui laisse dans le secours direct un village qui dépend d'elle?

Me LANCTOT: FAUT démontrer au témoin qu'il y a eu un changement.

L. LE COMMISSAIRE: Le Témoin parle comme économiste. Il donne son opinion, c'est tout.

Me BEAUREGARD: M. Gordon a dit, lui-même, qu'il y avait du secours direct dans Montmorency.

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Me LANCTOT: M. Gordon a dit que ces gens-là venaient d'en-dehors.

Me BEAUREGARD: J'ai compris de M. Gordon que l'usine avait pris l'engagement d'employer des gens de Saint-Grégoire, qu'elle employait des gens de Saint-Grégoire, ensuite, d'ailleurs, d'autres villages dans les environs. J'ai compris de M. Gordon que la compagnie était en relations assez suivies avec le curé du village et les gens du conseil parce qu'il y avait dans le village des secours directs à donner?

LE TEMOIN: Cela prouve qu'il y a du chomage.

ME BEAUREGARD: Je demande au témoin, qui est économiste, ce qu'il va penser d'une industrie qui emploie tout ce qu'elle peut employer dans un village où toute la population qui travaille, sauf la réserve que le témoin a faite, dépend de cette industrie et que, cependant, on doit avoir des secours directs?

LE TEMOIN: J'ai dit qu'à Saint-Grégoire de Montmorency, toute la population manufacturière travaille à l'usine sauf, cependant, ceux qui travaillent dans les magasins, les services, etc. Cela ne veut pas dire que toute la population de Saint-Grégoire de Montmorency travaille à l'usine.

ME BEAUREGARD: Voici ce que dit le témoin à la page 12: " Enfin, cas unique, à Saint-Grégoire de Montmorency, 10 milles à l'est de Québec, la Dominion Textile Company fournit du travail à toute la population active du village et em loi en outre des centaines de personnes des villages voisins".

LE TEMOIN: Très bien.

ME BEAUREGARD: "L'usine, construte en 1893, produit des cotonnades écrues, des draps, et des filés pour le commerce. En 1934 elle employait 1,587 personnes

Me [illegible]: M. Gordon a dit que ces gens-là voulaient

[illegible]

Me [illegible]: J'ai compris de M. Gordon que l'avocat avait pris l'engagement d'employer des fins de non-[illegible] qu'elle employait dans la Saint-Grégoire [illegible]. J'ai compris de M. Gordon que la compagnie était en opposition à ces avoirs avec le cens du village et les cens du conseil parce qu'il y avait dans le village des [illegible] à donner?

[illegible]: Cela prouve qu'il y a un chemin.

[illegible]: Le demande à [illegible], qui est [illegible], si [illegible] qui [illegible] tout ce qu'elle peut employer dans un village où toute la population qui travaille, sauf le [illegible] que le tuteur a fait, depuis de cette industrie et [illegible], [illegible], si [illegible] Alexandre?

[illegible]: J'ai fait que j'ai Saint-Grégoire de Mo tonne, toute la [illegible] une [illegible] à l'usine [illegible], comprenant, comme qui travaillent dans [illegible], les [illegible], etc. Cela ne veut dire que toute la population de Saint-Grégoire de [illegible].

[illegible]: " Merlin, que [illegible], à Saint-Grégoire de Montmorency, [illegible] à l'est de Québec. La [illegible] [illegible] Comme on me [illegible] à toute la population [illegible] votive à Villages et ce [illegible] en ordre des [illegible] time de [illegible] les villages voisins".

Me [illegible]: Très bien.

[illegible]: "Oui", on [illegible] en 1890, [illegible] des [illegible] comme, des [illegible], et des rien pour le commerce. En 1894 elle [illegible] [illegible]

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et leur versait $943,109."

LE TEMOIN: C'est la situation en 1934.

Me BEAUREGARD:

Q Savez-vous ce qu'il faut penser au point de vue économique? R Il faut penser que cette industrie ne réussit plus, aujourd'hui, à absorber toute la population, c'est tout.

Q Vous dites qu'elle l'absorbait?

R En 1934, exactement.

Q Si l'état de choses dont je vous parle était pis en 1934, que faut-il penser la la valeur économique de l'industrie quant au village de Saint-Grégoire de Montmorency?

R J'aurais eu tort de dire toute la population manufacturière; j'aurais dû dire toute la population manufacturière employée à Saint-Grégoire de Montmorency travaille là. J'ai probablement dépassé ma pensée.

ME LANCTOT: Celle qui ne travaille pas n'est pas active

LE TEMOIN: C'est ce que j'ai dit.

ME BEAUREGARD: Vous avez parlé de développement extraordinaire, du cas de Drummondville.....

M. LE COMMISSAIRE: Il est cinq heures et dix; est-ce que nous allons ajourner ce-soir?

ME BEAUREGARD: On peut procéder à l'ajournement, j'ai encore quelques questions à poser au témoin.

(La séance est ajournée à mardi, le 3 novembre, 1936, à dix heures de l'avant-midi.)